

FISKARS

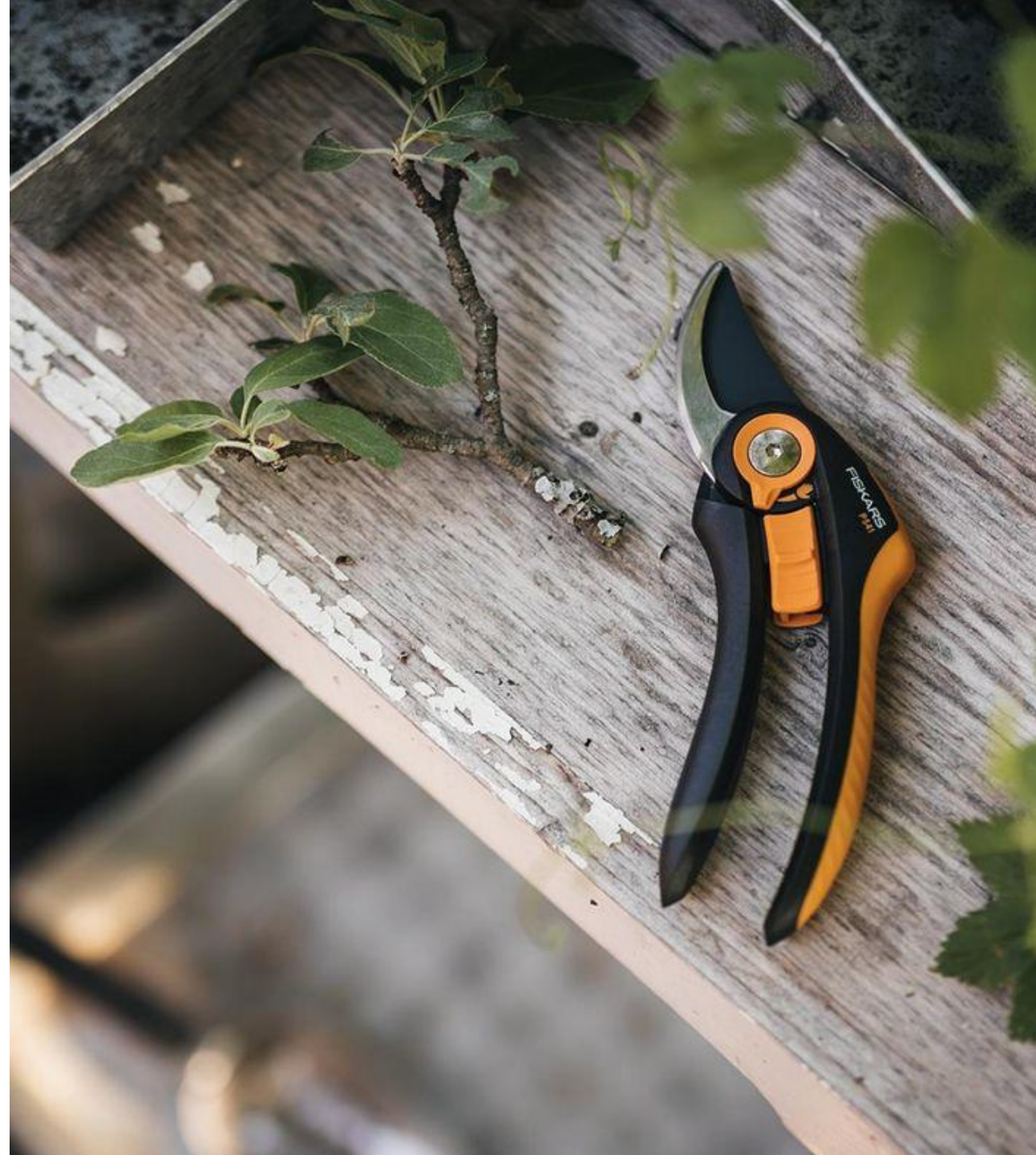
04/25/2025 08:12 EEST

This is a translated version of the "USA:n kysynnän heikentyminen riski ohjeistukselle" report, published on 04/15/2025



Rauli Juva
+358 50 588 0092
rauli.juva@inderes.fi

INDERES CORPORATE CUSTOMER
COMPANY REPORT



Weakening US demand risk for guidance

Fiskars' Q1 result was good, as the company grew organically for the first time in a long time and earnings improved slightly. The company reiterated its guidance for an improvement in full-year adjusted EBIT, but we believe that a possible weakening of demand in the US is a clear risk to the realization of the guidance. We lowered our estimates slightly. We reiterate our EUR 13.5 target price and Reduce recommendation as the return expectation remains weak due to the high valuation (2025 P/E 17x).

Organic growth in Q1 figures for the first time in a while

Fiskars' comparable revenue grew by 2% in Q1, while we expected it to remain flat. This was the first growth quarter since early 2022. There was a slight growth in both segments and all geographical areas. Considering the weak market situation, the performance is good, although the comparison figures are also weakish after several years of decline. Fiskars' Q1 adjusted EBIT of 26.8 MEUR was slightly better than the comparison period (25.1 MEUR) and our estimate (25.5 MEUR), but in line with consensus (26.5 MEUR). Adjusted EBIT improved in both segments, although the gross margin in the Fiskars segment decreased from the comparison period, which depressed the Group's comparable gross margin year-on-year (47.5% vs. 48.3%).

Guidance unchanged, but risks have clearly increased

Fiskars reiterated its guidance for 2025 and still expects comparable EBIT to improve from 111 MEUR. About 30% of Fiskars Group's revenue and about half of the Fiskars segment's revenue come from the US, and about 15% of the Group's purchases come from China, so tariffs between China and the US have a significant impact. The company believes it can "largely mitigate adverse direct impacts of tariffs". This is supported by the fact that the Fiskars segment's season is in H1, so the goods for sale have been imported to the US before the larger increase in tariffs at the beginning of April. Fiskars also says it is aiming to

shift sourcing of products away from China, either to other subcontractors or to its own factories (which are in Europe), and to raise prices to compensate for the impact of tariffs. We lowered our earnings estimates slightly, as we believe that if tariffs remain at current levels (or increase), their impact will weaken consumer demand in the US in the second half of the year, when the rise in prices due to tariffs begins to be reflected in consumer prices. We now expect adjusted EBIT to remain close to last year's level, and as a result, Fiskars may have to lower its guidance later this year.

Improved performance in coming years largely dependent on Vita

Based on our forecasts for this year, Fiskars' adj. EBIT margin will be close to 10% for the third year in a row. The company's target is around 15%, which currently seems a long way off. We expect the margin to improve to around 12% in 2026-29 as demand picks up. The improvement in earnings and especially margins from last year relies heavily on the Vita segment. The Fiskars segment already has a relatively good level of profitability (2024: 14%) and its growth potential is limited due to the mature nature of the market and Fiskars' good market shares. Thus, in our view, Fiskars' earnings growth potential in the coming years will culminate in Vita's volume growth, as efficiency gains alone will not lead to significant/sustainable earnings growth.

Valuation is not attractive

Fiskars' valuation multiples for 2025 (e.g. P/E 17x) are above our acceptable multiples and only within them for the 2026 forecast. Thus, we believe the share's expected return consists mainly of dividend income and is subdued despite the earnings growth outlook for the next few years. Forecasts for earnings growth in the coming years would require volume growth and thus improved profitability, which seems increasingly uncertain in the current economic environment.

Recommendation

Reduce

(was Reduce)

Target price:

EUR 13.50

(was EUR 13.50)

Share price:

EUR 14.26

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	1157	1178	1226	1275
growth-%	2%	2%	4%	4%
EBIT adj.	111.5	112.4	127.2	142.1
EBIT-% adj.	9.6 %	9.5 %	10.4 %	11.1 %
Net Income	27.1	39.6	84.1	97.1
EPS (adj.)	1.07	0.84	1.04	1.20
P/E (adj.)	14.0	17.0	13.7	11.9
P/B	1.5	1.5	1.5	1.4
Dividend yield-%	5.6 %	6.0 %	6.1 %	6.3 %
EV/EBIT (adj.)	15.3	14.0	12.2	10.8
EV/EBITDA	14.2	10.5	7.7	7.1
EV/S	1.5	1.3	1.3	1.2

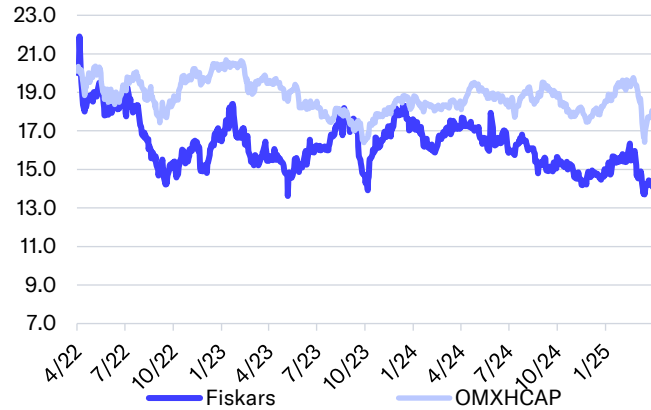
Source: Inderes

Guidance

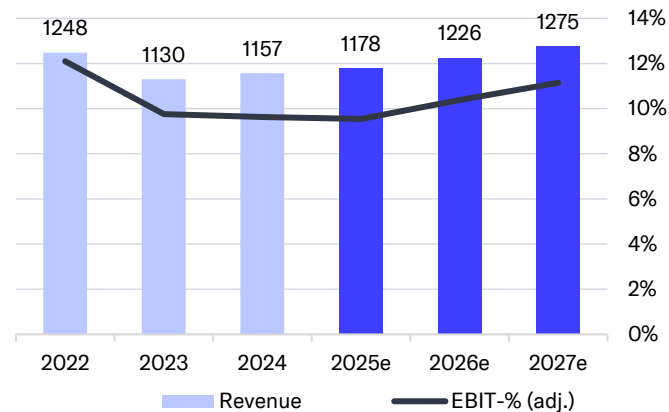
(Unchanged)

Fiskars expects comparable EBIT to improve from the 2024 level (2024: 111.4 MEUR).

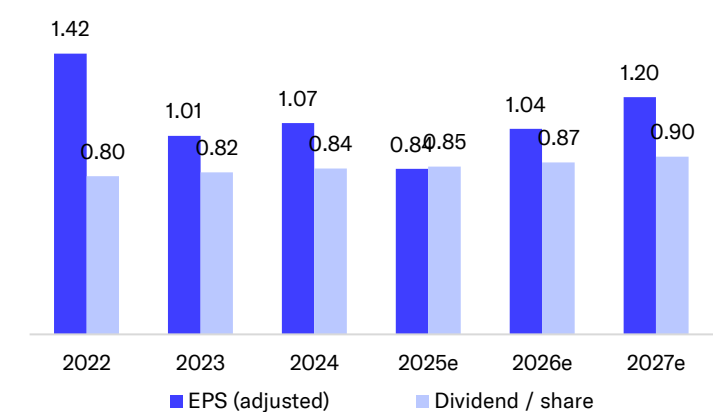
Share price



Revenue and EBIT-% (adj.)



EPS and dividend



Value drivers

- Portfolio's focus on big and most profitable brands
- Organic growth from new markets and/or product categories
- Profitability improvement through sales and channel mix as well as growth and scale

Risk factors

- Consumer confidence/demand remaining weak
- Rapid transition in the retail sector to digital channels and increasing price competition
- Complexity of the brand portfolio
- Activating in acquisitions increases the risk, for example in terms of their valuation and integration

Valuation	2025e	2026e	2027e
Share price	14.3	14.3	14.3
Number of shares, millions	80.9	80.9	80.9
Market cap	1153	1153	1153
EV	1574	1550	1540
P/E (adj.)	17.0	13.7	11.9
P/E	29.1	13.7	11.9
P/B	1.5	1.5	1.4
P/S	1.0	0.9	0.9
EV/Sales	1.3	1.3	1.2
EV/EBITDA	10.5	7.7	7.1
EV/EBIT (adj.)	14.0	12.2	10.8
Payout ratio (%)	174%	84%	75%
Dividend yield-%	6.0 %	6.1 %	6.3 %

Source: Inderes

Organic growth after a long time, result slightly above our forecast

Revenue turned to growth after a long time

Fiskars' comparable revenue grew by 2% in Q1, while we expected it to remain at the comparison period level. This was the first quarter of growth since early 2022. There was a slight growth in both segments and in all geographical areas. The development of the Fiskars segment was also supported by exchange rates. Considering the weak market situation, the performance is good, although the comparison figures are also weakish after several years of decline. We believe the company improved its market position at least in the US and Germany for the Fiskars brand. However, the tariff news received after the review period has weakened consumer confidence in the US, in particular, which may be reflected in future demand.

Adjusted operating result improved slightly

Fiskars' Q1 adjusted EBIT was 26.8 MEUR, slightly better than the comparison period and our forecast, but in line

with consensus. Earnings improved in both segments, although the gross margin in the Fiskars segment decreased from the comparison period, which weighed on the Group's comparable gross margin year-on-year (47.5% vs. 48.3%). According to the company, this was largely due to the exceptionally strong gross margin in the Fiskars segment in the comparison period. Earnings are still supported by the benefits of various efficiency measures, but on the other hand, the company is focusing heavily on "creating demand" this year, e.g., by increasing marketing. However, adjusted earnings per share fell short of expectations due to negative currency effects of 5 MEUR included in financial expenses. These are items resulting from exchange rate fluctuations and, therefore, do not cause changes to our financial expense forecasts.

Reported earnings figures were particularly depressed by Fiskars' write-down of 26 MEUR, announced in March, on its own software, i.e., intangible assets.

Indebtedness remained above targets, but under control

Cash flow was negative as is typical for the seasonally weak start of the year, and net debt/adj. EBITDA was 2.9x, i.e., at the level of the comparison period and above Fiskars' target (below 2.5x). However, indebtedness is at a reasonable level and should improve slightly within a year, supported by cash flow.

Estimates	Q1'24	Q1'25	Q1'25e	Q1'25e	Consensus	Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low High	Act. vs. Inderes	Inderes
Revenue	283	292	286	282		2%	1178
EBIT (adj.)	25.1	26.8	25.5	26.5		5%	112
EBIT	6.4	-4.6	-4.5	-4.0		-2%	77.0
EPS (adj.)	0.21	0.15	0.18	0.20		-17%	0.84
EPS (reported)	0.03	-0.16	-0.10	-0.09		-64%	0.49
Revenue growth-%	2.9 %	3.2 %	1.2 %	-0.4 %		2 pp	1.8 %
EBIT-% (adj.)	8.9 %	9.2 %	8.9 %	9.4 %	-	0.3 pp	9.5 %

Source: Inderes & Modular Finance, 4-6 analysts (consensus)

We slightly lowered our estimates

Guidance unchanged, but risks are growing

Fiskars reiterated its guidance for this year and still expects comparable EBIT to improve from 111 MEUR. About 30% of Fiskars Group's revenue and about half of the Fiskars segment's revenue come from the US, and about 15% of the Group's purchases come from China, so tariffs between China and the US have a significant impact.

The company believes it can “largely mitigate adverse direct impacts of tariffs”. This is supported by the fact that the Fiskars segment's season is in H1, so the goods for sale have been imported to the US before the larger increase in tariffs at the beginning of April. Fiskars also says it is aiming to shift product sourcing away from China, either to other subcontractors or to its own factories (which are in Europe), and to raise prices to offset the impact of tariffs. Fiskars has not seen any changes in demand during Q1. The company also mentions the potential negative impact of a weaker dollar through translation effects.

The guidance again provides suspense

We lowered our earnings estimates slightly, as we believe that if tariffs remain at current levels (or increase), their impact will weaken consumer demand in the US in the second half of the year, when the rise in prices due to tariffs begins to be reflected in consumer prices. We now expect adjusted EBIT to remain close to last year's level, and as a result, Fiskars may have to lower its guidance later this year.

We made only minor changes for the coming years. If the tariffs between the US and China remain at their current high level, and Fiskars is unable to significantly shift its purchases away from China in the short term, we see a risk that the result for early 2026 will be weaker than current expectations.

At group level, about half of the products are manufactured by the company itself, and for the Fiskars segment, manufacturing takes place in the EU. In the Vita segment, the company has large factories not only in Europe but also in Asia (Thailand and Indonesia). Half of the products are manufactured by subcontractors, with China, Vietnam and Thailand being the largest suppliers. Therefore, changes in tariffs potentially targeting these countries may affect Fiskars' operations.

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	1171	1178	1%	1218	1226	1%	1267	1275	1%
EBIT (exc. NRIs)	115	112	-2%	129	127	-1%	143	142	-1%
EBIT	81	77	-5%	129	127	-1%	143	142	-1%
EPS (excl. NRIs)	0.91	0.84	-8%	1.05	1.04	-1%	1.21	1.20	-1%
DPS	0.85	0.85	0%	0.87	0.87	0%	0.90	0.90	0%

Source: Inderes

Fiskars, Q1'25



Valuation fairly on track

The stock is fully valued

We feel the expected return on the share in 2024-25 remains modest due to the high multiples and moderate earnings growth. It is mainly driven by a dividend yield of around 6%.

Earnings-based valuation still relatively high

Prior to the COVID pandemic, Fiskars' growth and profitability profile was modest. The company was underperforming compared to its potential, but the home nesting trend that COVID sparked supported Fiskars significantly. At the same time, the company also improved its performance both in terms of growth drivers and profitability. This was particularly reflected as significant earnings growth in the Vita segment in 2020-22, which, however, weakened significantly in 2023-24 due to the slowdown in demand. We believe the company has potential for stable, albeit quite small growth, and better relative profitability than in the past (adj. EBIT 5-10%). On the other hand, the company has not historically been able to achieve much growth and its markets are quite mature (and thus grow slowly), so we feel that pricing significant growth into the share price would be too optimistic.

We determined the acceptable valuation level for Fiskars' share to be P/E 12-14x and EV/EBIT 10-12x. The multiples for 2024-25 are above acceptable, and only in 2026 are they within acceptable. Thus, in our view, the expected earnings growth in the coming years will mainly be used to digest the multiples. We have not identified a clear peer group for Fiskars, but the company is also currently valued at a premium to our selected peers. In our view, this is not

justified given the company's mediocre growth profile and return on capital.

The DCF model shows that the stock is correctly priced

We estimate that Fiskars' revenue growth will decline from 2029 onwards to 2% p.a. We expect the EBIT margin to improve to around 12.0% by 2029, but to fall to 11.5% in the terminal period, which is nevertheless better than the company's historical level, excluding the COVID years 2020-21. The weight of the terminal period is around 50% in our model.

Our required return (WACC) for Fiskars is 8.5% and the cost of equity is 9.0%. We believe that Fiskars' strong brands, diversified product portfolio, and relatively low risk profile support a relatively moderate required return.

Our DCF model indicates that Fiskars' debt-free value is about 1.6 BNEUR and the value of the share capital is about 1.1 BNEUR, or about EUR 13.5 per share. The DCF relies on a margin improvement in the coming years.

Balance sheet-based valuation slightly high

Fiskars' P/B ratio is about 1.5x in the coming years. The ROE in 2025 will be around our required return level, for which the valuation is high. Starting from 2027, we expect a 12-13% ROE, compared to which the valuation is close to an acceptable level. Here, too, we see a need for earnings growth for the multiples to neutralize.

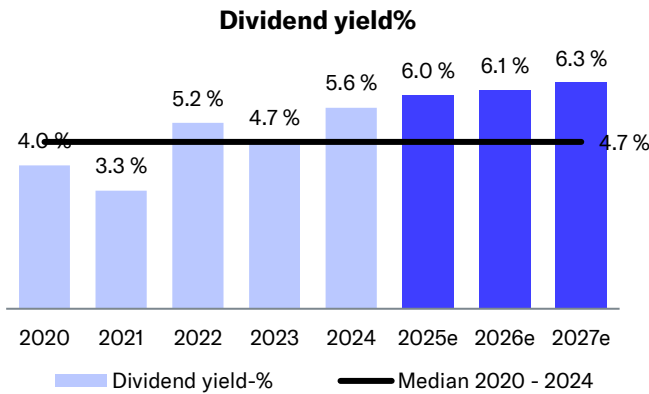
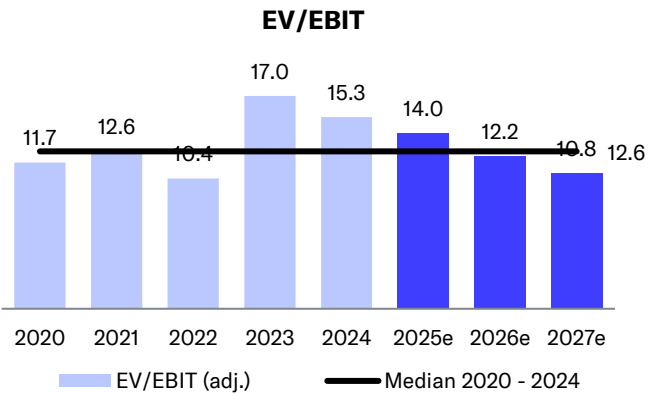
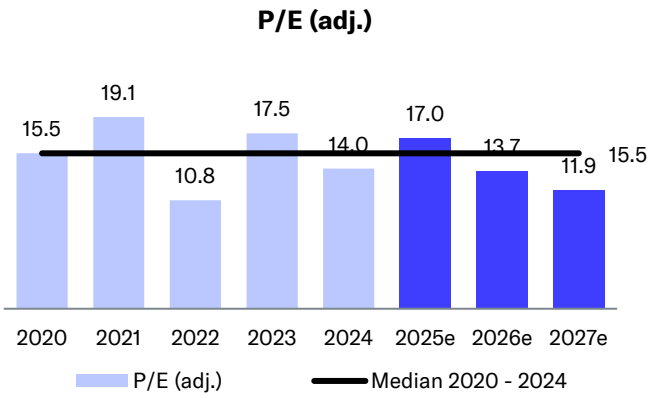
Valuation	2025e	2026e	2027e
Share price	14.3	14.3	14.3
Number of shares, millions	80.9	80.9	80.9
Market cap	1153	1153	1153
EV	1574	1550	1540
P/E (adj.)	17.0	13.7	11.9
P/E	29.1	13.7	11.9
P/B	1.5	1.5	1.4
P/S	1.0	0.9	0.9
EV/Sales	1.3	1.3	1.2
EV/EBITDA	10.5	7.7	7.1
EV/EBIT (adj.)	14.0	12.2	10.8
Payout ratio (%)	174%	84%	75%
Dividend yield-%	6.0 %	6.1 %	6.3 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	15.0	23.0	15.4	17.6	14.9	14.3	14.3	14.3	14.3
Number of shares, millions	81.5	81.5	80.6	80.8	80.9	80.9	80.9	80.9	80.9
Market cap	1220	1874	1239	1420	1208	1153	1153	1153	1153
EV	1276	1938	1570	1872	1707	1574	1550	1540	1522
P/E (adj.)	15.5	19.1	10.8	17.5	14.0	17.0	13.7	11.9	10.8
P/E	18.0	21.7	12.6	20.3	44.6	29.1	13.7	11.9	10.8
P/B	1.6	2.3	1.5	1.7	1.5	1.5	1.5	1.4	1.4
P/S	1.1	1.5	1.0	1.3	1.0	1.0	0.9	0.9	0.9
EV/Sales	1.1	1.5	1.3	1.7	1.5	1.3	1.3	1.2	1.1
EV/EBITDA	7.4	9.5	8.1	11.4	14.2	10.5	7.7	7.1	6.6
EV/EBIT (adj.)	11.7	12.6	10.4	17.0	15.3	14.0	12.2	10.8	9.9
Payout ratio (%)	72.2 %	71.6 %	65.6 %	94.8 %	250.9 %	173.5 %	83.7 %	75.0 %	70.0 %
Dividend yield-%	4.0 %	3.3 %	5.2 %	4.7 %	5.6 %	6.0 %	6.1 %	6.3 %	6.5 %

Source: Inderes



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
Duni AB	416	549	9.3	9.7	6.5	6.6	0.7	0.7	11.2	13.0	5.4	5.4	1.2
Harvia Oyj	738	779	18.2	15.4	15.6	13.3	3.9	3.5	24.3	20.3	2.2	2.5	4.7
Leifheit AG	215	175	10.9	9.5	7.0	6.3	0.7	0.6	19.4	16.8	5.4	5.5	2.2
Marimekko Oyj	482	473	14.0	11.9	10.9	9.5	2.5	2.3	18.4	15.9	3.8	6.3	5.5
Nokian Tyres plc	942	1580	17.0	12.1	7.4	5.6	1.1	1.0	20.6	12.3	4.4	5.1	0.7
Orthex Oyj	90	107	10.3	8.7	7.2	6.3	1.2	1.1	13.1	10.8	4.9	5.5	2.1
Rapala VMC Oyj	53	178	19.8	11.8	8.6	6.7	0.8	0.6	144.1	36.5		1.5	0.4
Stanley Black & Decker Inc	8414	13522	10.2	8.8	8.6	7.6	1.0	1.0	12.6	10.1	5.3	5.4	1.0
Villeroy & Boch AG	468	904	11.8	9.0	6.3	5.4	0.6	0.6	13.5	8.9	5.6	6.3	1.2
Husqvarna	2433	3547	10.2	8.5	5.7	5.1	0.8	0.8	11.4	9.0	4.7	5.9	1.0
Fiskars (Inderes)	1153	1574	14.0	12.2	10.5	7.7	1.3	1.3	17.0	13.7	6.0	6.1	1.5
Average			13.2	10.5	8.4	7.3	1.3	1.2	28.9	15.4	4.6	5.0	2.0
Median			11.4	9.6	7.3	6.5	0.9	0.9	15.9	12.6	4.9	5.5	1.2
Diff-% to median			23 %	27 %	43 %	19 %	48 %	46 %	7 %	8 %	21 %	11 %	25 %

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	1130	283	281	256	337	1157	292	284	260	342	1178.1	1226	1275	1327
Vita	555	126	130	139	210	605	127	131	142	214	615	645	678	711
Fiskars	571	156	150	115	126	547	164	152	117	126	558	575	592	610
Other	4.0	1.0	1.0	1.5	1.3	4.8	1.2	1.0	1.5	1.3	5.0	5.0	5.0	5.0
EBITDA	165	26.5	22.4	20.0	51.6	121	14.2	32.6	40.3	63.3	150.4	201	218	229
Depreciation	-66.0	-20.1	-22.1	-20.5	-20.7	-83.4	-18.8	-18.2	-18.2	-18.2	-73.4	-73.8	-76.1	-75.0
EBIT (excl. NRI)	110	25.1	19.2	24.3	42.9	112	26.8	18.4	22.1	45.1	112	127	142	154
EBIT	98.9	6.4	0.3	-0.5	30.9	37.1	-4.6	14.4	22.1	45.1	77	127	142	154
Vita	62.3	-0.1	1.7	12.7	33.3	47.6	1.3	1.4	15.6	38.6	56.9	67.8	77.9	85.4
Fiskars	73.8	29.5	22.2	13.7	11.9	77.3	30.6	20.0	10.0	10.0	70.6	75.0	80.0	85.0
Other	-25.8	-4.3	-4.8	-2.0	-2.3	-13.4	-5.1	-3.0	-3.5	-3.5	-15.1	-15.6	-15.9	-16.2
Net financial items	-24.0	-3.8	-9.0	-5.6	-6.8	-25.2	-12.2	-6.0	-5.5	-5.5	-29.2	-18.0	-16.0	-15.0
PTP	79.7	3.6	-7.7	-4.2	26.8	18.5	-16.1	8.9	17.1	40.1	50.0	110	127	140
Taxes	-9.7	-1.2	1.8	-1.6	9.9	8.9	3.0	-1.8	-3.4	-8.0	-10.2	-25.1	-29.0	-32.0
Minority interest	-0.2	0.0	-0.3	0.0	0.0	-0.3	-0.1	0.0	0.0	0.0	-0.1	-1.0	-1.0	-1.0
Net earnings	69.9	2.4	-6.3	-5.8	36.7	27.1	-13.2	7.2	13.7	32.1	39.7	84.1	97.1	107
EPS (adj.)	1.01	0.21	0.11	0.19	0.57	1.07	0.15	0.13	0.17	0.40	0.84	1.04	1.20	1.33
EPS (rep.)	0.87	0.03	-0.08	-0.07	0.45	0.33	-0.16	0.09	0.17	0.40	0.49	1.04	1.20	1.33

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-%	-9.5 %	2.9 %	5.0 %	6.1 %	-2.5 %	2.4 %	3.2 %	1.0 %	1.7 %	1.4 %	1.8 %	4.0 %	4.0 %	4.1 %
Adjusted EBIT growth-%	-27.0 %	-19.3 %	-19.0 %	37.3 %	13.8 %	1.2 %	6.8 %	-3.9 %	-9.0 %	5.1 %	0.8 %	13.1 %	11.7 %	8.5 %
EBITDA-%	14.6 %	9.4 %	8.0 %	7.8 %	15.3 %	10.4 %	4.9 %	11.5 %	15.5 %	18.5 %	12.8 %	16.4 %	17.1 %	17.3 %
Adjusted EBIT-%	9.8 %	8.9 %	6.8 %	9.5 %	12.7 %	9.6 %	9.2 %	6.5 %	8.5 %	13.2 %	9.5 %	10.4 %	11.1 %	11.6 %
Net earnings-%	6.2 %	0.8 %	-2.2 %	-2.3 %	10.9 %	2.3 %	-4.5 %	2.5 %	5.3 %	9.4 %	3.4 %	6.9 %	7.6 %	8.1 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	1029	1070	1039	1047	1055
Goodwill	220	226	226	226	226
Intangible assets	372	378	335	330	325
Tangible assets	307	306	318	331	344
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	91.0	97.4	97.4	97.4	97.4
Other non-current assets	11.0	13.9	13.9	13.9	13.9
Deferred tax assets	28.4	48.8	48.8	48.8	48.8
Current assets	726	641	597	596	620
Inventories	364	331	283	282	293
Other current assets	5.6	7.6	7.6	7.6	7.6
Receivables	229	242	236	233	242
Cash and equivalents	127	60.8	70.7	73.5	76.5
Balance sheet total	1755	1711	1636	1643	1675

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	824	797	768	784	810
Share capital	77.5	77.5	77.5	77.5	77.5
Retained earnings	742	715	686	702	728
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	0.0	0.0	0.0	0.0	0.0
Minorities	3.8	4.3	4.3	4.3	4.3
Non-current liabilities	506	502	437	430	424
Deferred tax liabilities	38.8	36.9	36.9	36.9	36.9
Provisions	15.4	15.8	15.8	15.8	15.8
Interest bearing debt	448	445	380	373	367
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	4.1	4.4	4.4	4.4	4.4
Current liabilities	425	413	431	429	440
Interest bearing debt	126	110	107	92.4	90.9
Payables	287	285	306	319	332
Other current liabilities	12.5	17.9	17.9	17.9	17.9
Balance sheet total	1755	1711	1636	1643	1675

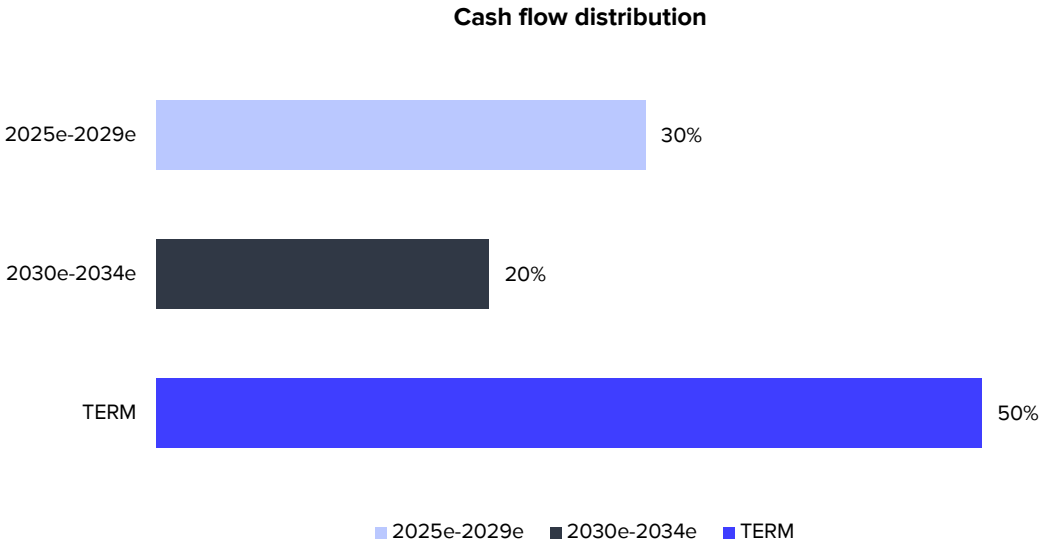
DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	2.4 %	1.8 %	4.0 %	4.0 %	4.1 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	3.2 %	6.5 %	10.4 %	11.1 %	11.6 %	12.0 %	12.0 %	12.0 %	12.0 %	11.5 %	11.5 %	11.5 %
EBIT (operating profit)	37.1	77.0	127	142	154	162	166	169	172	168	172	
+ Depreciation	83	73	74	76	75	77	78	79	81	79	80	
- Paid taxes	-13	-10	-25	-29	-32	-34	-35	-35	-36	-35	-36	
- Tax, financial expenses	-6.0	-6.2	-4.1	-3.7	-3.5	-3.5	-3.5	-3.5	-3.5	-3.5	-3.5	
+ 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	22	75.9	16.0	-7.9	-8.3	-4.2	-4.3	-4.4	-4.5	-4.6	-4.7	
Operating cash flow	123	210	188	178	185	198	202	205	209	204	208	
+ Change in other long-term liabilities	1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-104	-43	-82	-84	-84	-79	-81	-84	-83	-78	-94	
Free operating cash flow	20	167	106	93.1	102	119	121	121	126	126	114	
+/- Other	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	20	167	106	93.1	102	119	121	121	126	126	114	1790
Discounted FCFF		158	92.5	74.8	75	81	76	70	67	62	52	813
Sum of FCFF present value		1622	1464	1371	1297	1221	1141	1064	994	927	865	813
Enterprise value DCF		1622										
- Interest bearing debt		-555										
+ Cash and cash equivalents		60.8										
-Minorities		-6										
-Dividend/capital return		-34										
Equity value DCF		1088										
Equity value DCF per share		13.5										

WACC

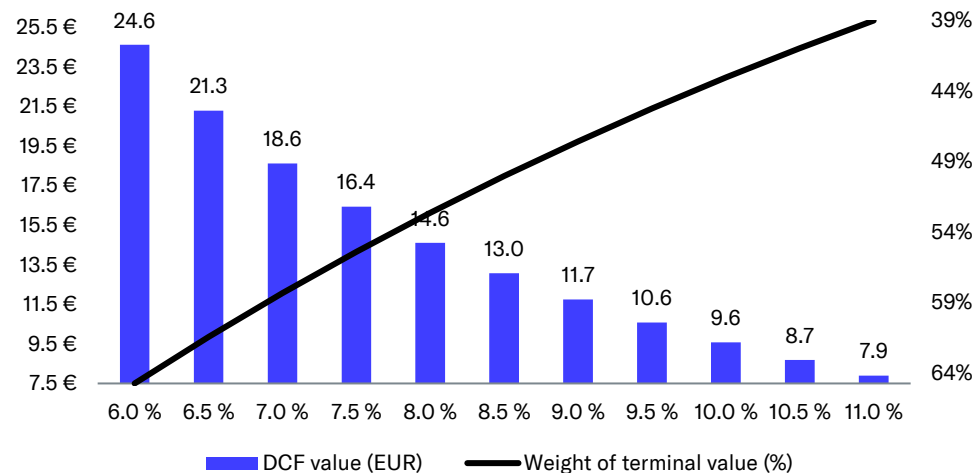
Tax-% (WACC)	24.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	5.0 %
Equity Beta	1.16
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	9.0 %
Weighted average cost of capital (WACC)	8.5 %

Source: Inderes

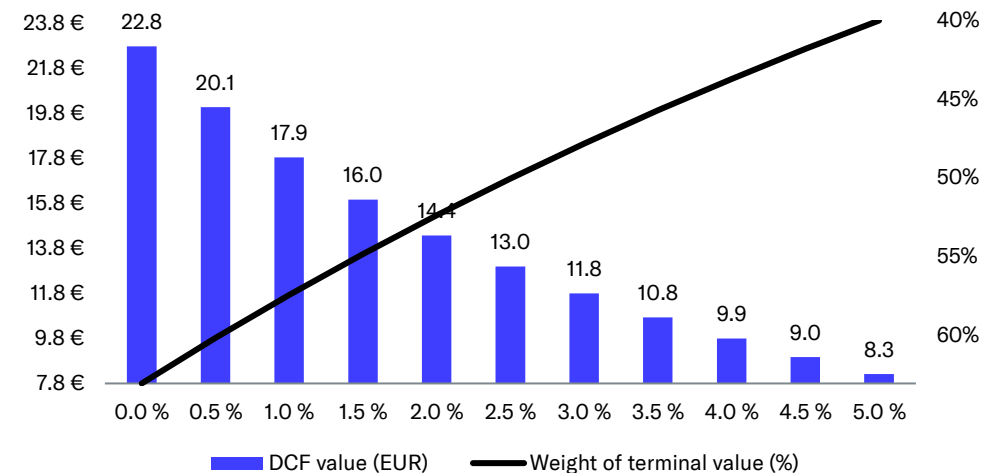


DCF sensitivity calculations and key assumptions in graphs

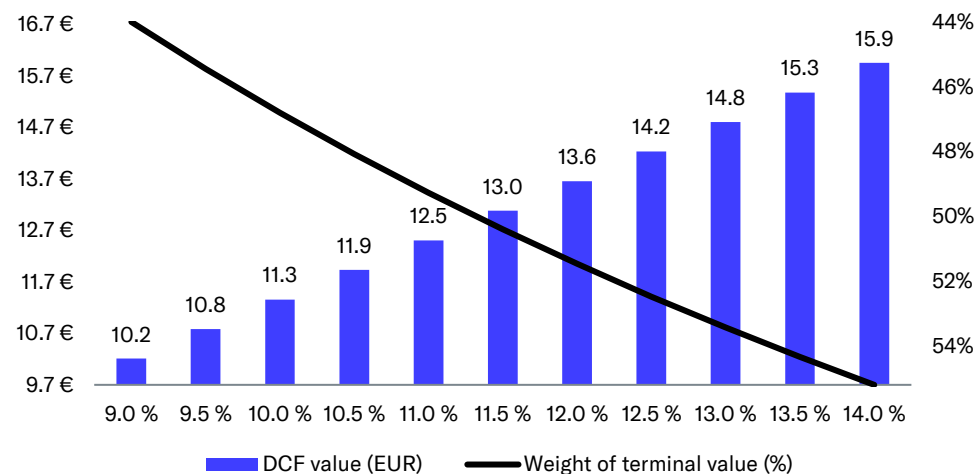
Sensitivity of DCF to changes in the WACC-%



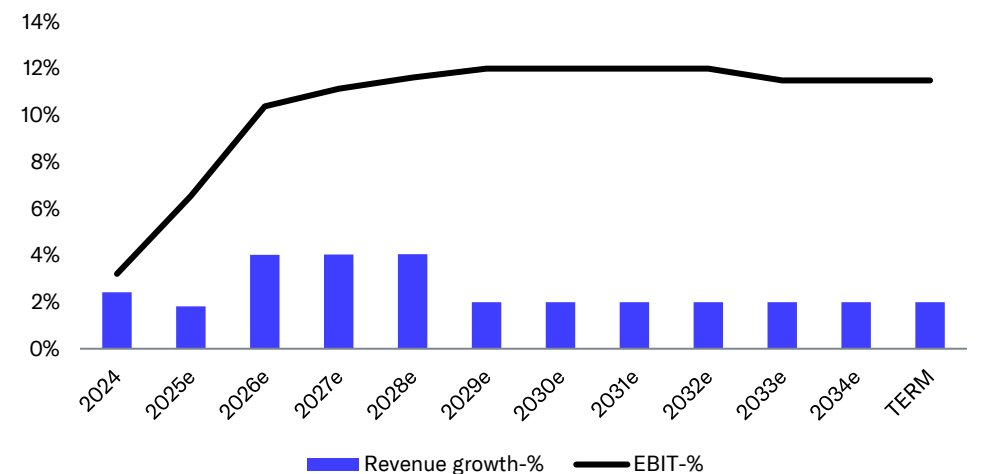
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Lähde: Inderes. Huomaa, että terminaaliarvon paino (%) on esitetty käänteisellä asteikolla selkeyden vuoksi.

Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	1248.4	1129.8	1157.1	1178.1	1225.5	EPS (reported)	1.22	0.87	0.33	0.49	1.04
EBITDA	193.5	164.9	120.5	150.4	201.0	EPS (adj.)	1.42	1.01	1.07	0.84	1.04
EBIT	134.7	98.9	37.1	77.0	127.2	OCF / share	-0.64	2.39	1.52	2.60	2.32
PTP	124.1	79.7	18.5	50.0	110.2	FCF / share	-1.71	-0.28	0.24	2.07	1.31
Net Income	98.2	69.9	27.1	39.6	84.1	Book value / share	10.32	10.15	9.80	9.45	9.64
Extraordinary items	-16.3	-11.3	-74.4	-35.4	0.0	Dividend / share	0.80	0.82	0.84	0.85	0.87
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	1585.6	1754.9	1711.2	1635.8	1642.7	Revenue growth-%	0%	-10%	2%	2%	4%
Equity capital	835.7	823.7	796.5	768.2	783.6	EBITDA growth-%	-5%	-15%	-27%	25%	34%
Goodwill	221.2	220.1	225.9	225.9	225.9	EBIT (adj.) growth-%	-2%	-27%	1%	1%	13%
Net debt	325.2	446.6	493.8	415.6	392.0	EPS (adj.) growth-%	18%	-29%	6%	-22%	24%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	15.5 %	14.6 %	10.4 %	12.8 %	16.4 %
EBITDA	193.5	164.9	120.5	150.4	201.0	EBIT (adj.)-%	12.1 %	9.8 %	9.6 %	9.5 %	10.4 %
Change in working capital	-218.7	36.2	22.0	75.9	16.0	EBIT-%	10.8 %	8.8 %	3.2 %	6.5 %	10.4 %
Operating cash flow	-51.7	193.3	123.1	209.9	187.8	ROE-%	11.9 %	8.5 %	3.4 %	5.1 %	10.9 %
CAPEX	-35.8	-218.5	-104.1	-42.6	-81.6	ROI-%	12.5 %	7.8 %	3.2 %	6.1 %	10.2 %
Free cash flow	-137.4	-22.9	19.7	167.3	106.1	Equity ratio	52.7 %	46.9 %	46.5 %	47.0 %	47.7 %
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	38.9 %	54.2 %	62.0 %	54.1 %	50.0 %
EV/S	1.3	1.7	1.5	1.3	1.3						
EV/EBITDA	8.1	11.4	14.2	10.5	7.7						
EV/EBIT (adj.)	10.4	17.0	15.3	14.0	12.2						
P/E (adj.)	10.8	17.5	14.0	17.0	13.7						
P/B	1.5	1.7	1.5	1.5	1.5						
Dividend-%	5.2 %	4.7 %	5.6 %	6.0 %	6.1 %						

Source: Inderes

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

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.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
1/7/2021	Accumulate	16.00 €	15.26 €
2/8/2021	Reduce	15.00 €	15.60 €
4/20/2021	Accumulate	18.00 €	16.80 €
4/29/2021	Accumulate	19.00 €	17.58 €
7/29/2021	Accumulate	22.00 €	20.20 €
11/1/2021	Accumulate	23.00 €	21.25 €
11/10/2021	Accumulate	24.00 €	21.10 €
12/28/2021	Accumulate	24.00 €	22.75 €
Analyst changed			
2/5/2022	Accumulate	24.00 €	22.05 €
5/2/2022	Accumulate	24.00 €	21.90 €
7/19/2022	Accumulate	20.00 €	18.40 €
Analyst changed			
7/29/2022	Accumulate	20.00 €	18.60 €
9/26/2022	Accumulate	18.00 €	15.20 €
10/31/2022	Accumulate	18.00 €	15.22 €
12/23/2022	Accumulate	17.00 €	15.22 €
1/16/2023	Accumulate	17.50 €	16.80 €
2/8/2023	Accumulate	18.00 €	17.10 €
3/15/2023	Accumulate	18.00 €	16.62 €
4/28/2023	Accumulate	17.50 €	15.70 €
7/18/2023	Accumulate	17.50 €	15.90 €
7/21/2023	Accumulate	17.50 €	15.88 €
10/9/2023	Reduce	17.50 €	17.56 €
10/13/2023	Reduce	16.00 €	16.20 €
10/27/2023	Reduce	15.00 €	14.28 €
1/17/2024	Sell	15.00 €	17.58 €
2/9/2024	Sell	15.00 €	17.20 €
3/20/2024	Sell	15.00 €	16.78 €
4/26/2024	Sell	15.00 €	17.20 €
7/19/2024	Sell	15.00 €	16.60 €
9/4/2024	Sell	15.00 €	16.00 €
10/25/2024	Reduce	15.00 €	15.64 €
2/7/2025	Reduce	15.00 €	15.18 €
3/20/2025	Reduce	15.00 €	15.72 €
4/9/2025	Reduce	13.50 €	14.24 €
4/25/2025	Reduce	13.50 €	14.26 €



CONNECTING INVESTORS AND COMPANIES.

Inderes connects investors and listed companies.

We serve over 400 Nordic listed companies that want to better serve investors. The Inderes community is home to over 70,000 active investors.

We provide listed companies with solutions that enable seamless and effective investor relations. The Inderes service is built on four cornerstones for high-quality investor relations: Equity Research, Events, IR Software, and Annual General Meetings (AGM).

Inderes operates in Finland, Sweden, Norway, and Denmark and is listed on the Nasdaq First North Growth Market.

Inderes was created by investors, for investors.

Inderes Ab

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

Inderes Oyj

Porkkalankatu 5
00180 Helsinki
+358 10 219 4690

inderes.se

inderes.fi