

NORRHYDRO

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

INDERES CORPORATE CUSTOMER
COMPANY REPORT



Revenue recovers, balance sheet cannot take setbacks

The H1 report met expectations for revenue recovery and also showed an improving earnings trend. Profitability scaling with growth was not quite in line with our expectations, which led to moderate estimate cuts in the result lines for the coming years. The demand outlook for the rest of the year is favorable, although the uncertainty caused by the trade war makes forecasting difficult. The elevated risk level stemming from a tight balance sheet position and high valuation multiples weighs on the risk/reward ratio. We lower our recommendation to Reduce (was Accumulate) and maintain our target price at EUR 1.40,

H1 was a step for the better, but profitability fell short of expectations

Revenue growth in H1 was 14% and, therefore, stronger than our expectations (our estimate 7%). Growth was tilted towards Q2 as the market picked up, but the company's market share also improved. Market recovery has been supported by, e.g., the mining and material handling sectors, as well as segments related to the defense industry, but construction-related demand was still weak. The material margin improved significantly (+2.8 percentage points y/y), but at the same time, personnel costs increased by 19% due to the higher production volume. EBITDA improved clearly from the comparison period to 1.2 MEUR (H2'24: 0.8 MEUR), but fell short of our forecast (1.5 MEUR) due to stronger-than-expected growth in personnel expenses. Production efficiency may have suffered slightly in H1 due to the rapid recovery in demand, which created a need for overtime and fast material procurement.

Market outlook is quite positive as expected

Norrhydro reiterated its guidance for 2025, expecting growing revenue and EBITDA. We find it very likely that the company will reach its guidance, considering the low starting points. We assume demand will continue its upward trend in H2, based on the back-end loaded growth in H1. Global economic uncertainty

may partly hinder customer demand, but we estimate the impacts to be moderate for now. Our growth forecasts for the coming years are primarily based on the conventional cylinder business, as NorrDigi's revenue remains low despite the positive development of electric cylinders. We raised our revenue estimates for 2025-27 by 3-4%, but at the same time, cut our EBITDA estimates by 6-15% due to weaker-than-expected scaling of profitability.

The balance sheet position remains challenging

Although we expect a clear upward trend in the company's earnings, net debt is forecast to remain at a high level in 2025-26e (9.6 and 9.0 MEUR). Despite improved earnings performance, the company was unable to significantly reduce its net debt in H1 (by some 0.1 MEUR), which was partly due to working capital being tied up as the market recovered. In our view, the debt level will not turn materially downwards unless the company can improve its profitability even from the 2025e level. A potential unexpected setback for the business, such as a sudden weakening of the market, could thus lead to new expensive financing solutions or a share issue.

The valuation is demanding based on current earnings, and coming years' forecasts are subject to significant uncertainty

The earnings-based valuation is high due to the share price rally and estimate cuts (EV/EBIT 2025: 26x, or 14x excluding NorrDigi's estimated negative earnings impact of 1 MEUR). With our forecasts for the coming years, the valuation would moderate, but the forecasts require good market development and excellent cost structure management from the company, so we think it is still too early to rely on them. If NorrDigi succeeds in its growth efforts, it could turn the expected return attractive over a 5-year period, but these forecasts involve considerable uncertainty. In addition, balance sheet risks are currently weighing on the risk/reward ratio.

Recommendation Reduce

(was Accumulate)

Target price:

EUR 1.40

(was EUR 1.40)

Share price:

EUR 1.53

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	24.2	27.9	30.8	34.4
growth-%	-20%	15%	11%	12%
EBIT adj.	0.0	1.0	1.8	2.3
EBIT-% adj.	-0.1 %	3.7 %	5.8 %	6.8 %
Net Income	-1.3	-0.2	0.5	1.1
EPS (adj.)	-0.11	-0.01	0.06	0.11
Dividend	0.00	0.00	0.00	0.03
P/E (adj.)	neg.	neg.	27.2	14.1
P/B	2.3	2.2	2.0	1.8
Dividend yield-%	0.0 %	0.0 %	0.0 %	2.0 %
EV/EBIT (adj.)	neg.	25.8	14.6	10.7
EV/EBITDA	21.8	11.7	8.3	6.4
EV/S	1.1	1.0	0.8	0.7

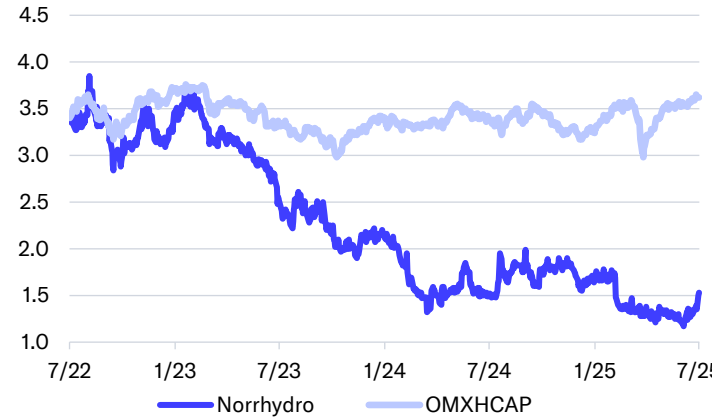
Source: Inderes

Guidance

(Unchanged)

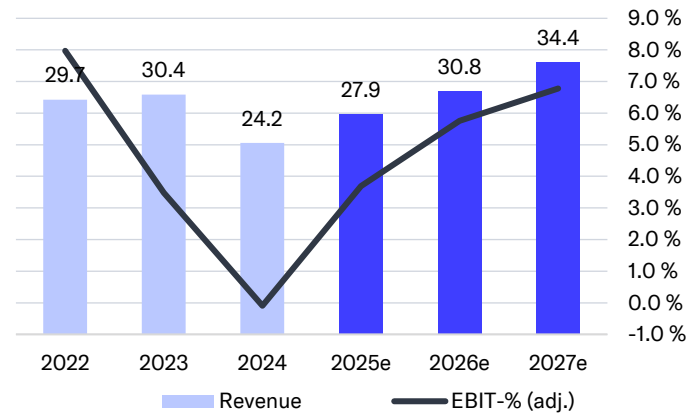
2025 revenue and EBITDA are expected to increase from 2024 (revenue was 24.2 MEUR and EBITDA was 1.3 MEUR).

Share price



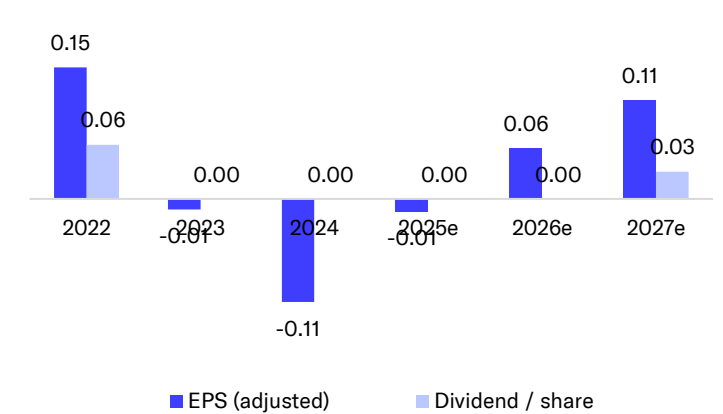
Source: Millstream Market Data AB

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
- 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	1.53	1.53	1.53
Number of shares, millions	11.0	11.0	11.0
Market cap	17	17	17
EV	26	26	25
P/E (adj.)	neg.	27.2	14.1
P/E	neg.	31.2	15.1
P/B	2.2	2.0	1.8
P/S	0.6	0.5	0.5
EV/Sales	1.0	0.8	0.7
EV/EBITDA	11.7	8.3	6.4
EV/EBIT (adj.)	25.8	14.6	10.7
Payout ratio (%)	0.0 %	0.0 %	29.6 %
Dividend yield-%	0.0 %	0.0 %	2.0 %

Source: Inderes

H1 was a step for the better, but profitability fell short of expectations

Revenue growth was stronger than expected

Norrhydro Group's revenue was 14.9 MEUR in H1, an increase of 14% year-on-year (we expected 7% growth). Revenue growth started to accelerate, particularly in Q2, as Q1 was still weak at the market level. According to the company, growing customer segments have included, e.g., the mining and material handling segments, as well as segments related to the defense industry. However, demand in the construction sector has not yet picked up significantly. According to the company, growth was affected by the increase in market share, in addition to market recovery.

Material margin improved, but increased personnel costs weighed on earnings

The company reported EBITDA of 1.23 MEUR for H1 (16% below our forecast), which was, however, a clear improvement compared to the reference period (0.77

MEUR). The company reports that the new Rovaniemi plant is operating excellently in terms of, e.g., security of supply and quality. However, we interpreted that the rapid recovery in demand in Q2 caused the company some additional costs due to, e.g., overtime and urgent material needs. The material margin improved to 47.8% according to our calculations, which was a couple of tenths better than we expected (H1'24: 45.0%). The improved margin had a significant impact on the favorable earnings development. However, personnel costs increased significantly more than we expected (+19% y/y), which was the main reason for the result falling short of our forecast. The increase in personnel costs was mainly due to growing production personnel costs as demand recovered.

Balance sheet is still tight

In H1, Norrhydro Group's cash flow from operating activities was 0.39 MEUR, which included financing expenses of 0.565 MEUR. Cash flow from operating activities

weakened from the comparison period (H1'24: 1.07 MEUR), when the release of working capital strongly supported cash flow. On the other hand, the amount of investments also decreased in H1 below the depreciation level to 0.32 MEUR, which resulted in the total cash flow before loan drawdowns or repayments being slightly positive (total of 0.07 MEUR). The company's balance sheet position is very tight, with an equity ratio of only 32% (H1'24: 36%) and a high net debt of 9.5 MEUR (H1'24: 9.2 MEUR). The net debt to EBITDA ratio decreased due to positive earnings development but remains high (some 5.5x relative to the last 12 months' EBITDA).

Estimates MEUR / EUR	H1'24 Comparison	H1'25 Actualized	H1'25e Inderes	H1'25e Consensus	Difference (%) Act. vs. inderes	2025e Inderes
Revenue	13.1	14.9	14.0		6%	27.9
EBITDA	0.8	1.23	1.45		-16%	2.3
EBIT	0.1	0.57	0.77		-25%	0.9
PTP	-0.4	0.01	0.19		-96%	-0.2
EPS (reported)	-0.04	0.00	0.02		-94%	-0.02
Revenue growth-%	-28.4 %	13.5 %	7.0 %		6.5 pp	15.0 %
EBIT-% (adj.)	1.0 %	3.9 %	5.7 %		-1.9 pp	3.7 %

Source: Inderes

We expect the favorable market turnaround to continue

No significant changes in the market outlook

- The company reiterated its previous guidance, according to which both revenue and EBITDA are expected to grow in 2025 compared to 2024. The company's comments on the growth outlook for the market largely correspond to our expectations. The underlying sentiment in the cylinder market is moderately positive, but assessing the impact of geopolitical uncertainties remains challenging.
- For NorrDigi, revenue from EMA products is expected to grow, but we interpreted the commercialization of NorrDigi MCC to have progressed slower than EMA. Conventional cylinder business still accounts for the majority of the estimated revenue growth in our 2025-27 forecasts, after which NorrDigi will be the main growth driver.
- We raised our revenue forecast for 2025 by 4%. We expect full-year revenue to grow by 15% (previously 11%). However, our EBITDA forecast decreased by 15% due to the weaker-than-expected scalability of the cost structure. Long-term forecast changes were more moderate, but there is still significant uncertainty in the forecasts that assume a clear improvement in earnings.
- In April, Norrhydro Group's AGM authorized the Board of Directors to return capital to shareholders. However, we believe it is likely that there will be no return of capital, as net debt has not yet started to decline significantly, despite the positive turnaround in profitability.

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	26.9	27.9	4%	29.8	30.8	3%	33.3	34.4	3%
EBITDA	2.7	2.3	-15%	3.6	3.1	-13%	4.1	3.9	-6%
EBIT (excl. NRIs)	1.4	1.0	-25%	2.0	1.8	-9%	2.5	2.3	-8%
EBIT	1.3	0.9	-27%	1.9	1.7	-10%	2.5	2.3	-8%
PTP	0.0	-0.2	-672%	0.7	0.6	-23%	1.5	1.3	-13%
EPS (excl. NRIs)	0.01	-0.01	-227%	0.07	0.06	-20%	0.12	0.11	-12%

Source: Inderes

The valuation is highish considering the risk profile

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 2021-22, 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.

High indebtedness also depresses the valuation picture. A tight balance sheet position could necessitate strengthening equity in the coming years, potentially leading to share dilution that could erode a significant portion of potential long-term returns.

Earnings-based valuation is high for the next few years

The share's valuation cannot be justified by the company's realized or 2025 forecasted earnings performance (EV/EBIT 26x). Valuation multiples increased after the company reported weaker-than-expected earnings growth for H1, which is reflected in our forecasts.

It should be noted that the commercialization of NorrDigi also increases the Group's cost base in 2025 forecasts (estimated at around 1 MEUR), even though the revenue

impact is still negligible. If these costs were adjusted, the EV/EBIT would be more reasonable (around 14x), but still not attractive considering the cyclicity of the cylinder business and the rather tight competitive landscape.

Our 2026 estimates assume that the EBIT margin will rise to almost 6%, which is the company's historical average and could thus represent a "normalized" level for conventional hydraulic cylinder manufacturing. However, covering the higher cost base of the new factory and achieving a normalized level of profitability would, in our view, require good demand development and excellent cost control, which is why our forecasts for the coming years include uncertainty.

NorrDigi has long-term potential

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 in our future forecasts due to balance sheet risk and growth-related uncertainty, but we see the possibility that this type of valuation could become relevant as uncertainty decreases.

Our forecasts for 2027-30 are already quite ambitious, as we have estimated revenue to grow by an average of 11% p.a. in 2025-30 and the EBIT margin to rise to 7-10% in 2027-30, which is above the 'normalized' level (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 interesting.

Valuation	2025e	2026e	2027e
Share price	1.53	1.53	1.53
Number of shares, millions	11.0	11.0	11.0
Market cap	17	17	17
EV	26	26	25
P/E (adj.)	neg.	27.2	14.1
P/E	neg.	31.2	15.1
P/B	2.2	2.0	1.8
P/S	0.6	0.5	0.5
EV/Sales	1.0	0.8	0.7
EV/EBITDA	11.7	8.3	6.4
EV/EBIT (adj.)	25.8	14.6	10.7
Payout ratio (%)	0.0 %	0.0 %	29.6 %
Dividend yield-%	0.0 %	0.0 %	2.0 %

Source: Inderes

Valuation scenarios assuming successful growth for NorrDigi*

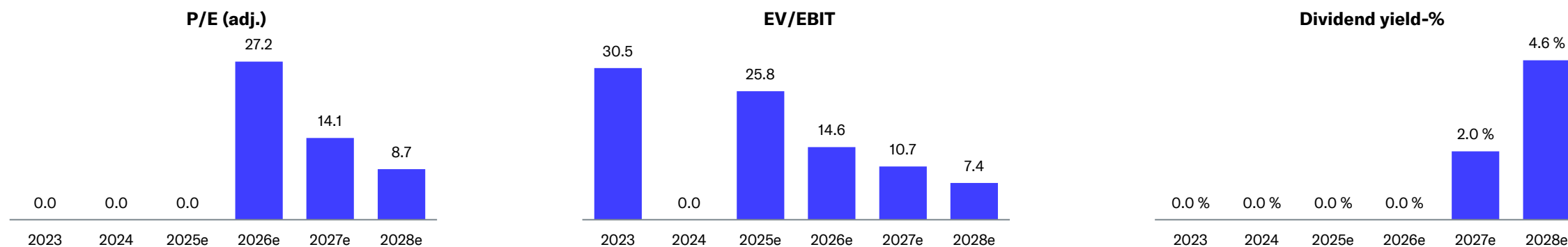
MEUR	2027e	2028e	2029e	2030e
Revenue	34.4	38.9	44.3	50.7
NorrDigi's share	2.6	5.5	9.9	15.3
EBIT-%	6.8%	8.3%	9.8%	10.3%
EBIT	2.3	3.2	4.3	5.2
EV/EBIT	13.0	13.0	13.0	13.0
EV	30.3	41.8	56.4	67.7
Market cap	22.3	35.0	49.6	60.9
Value of the stock	2.0	3.2	4.5	5.5
Discounted value of the stock	1.4	2.0	2.4	2.6
Difference to current price	-6%	28%	59%	70%

*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	1.53	1.53	1.53	1.53
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	17	17	17	17
EV	4.7	47	42	32	27	26	26	25	24
P/E (adj.)	0.0	23.2	21.5	neg.	neg.	neg.	27.2	14.1	8.7
P/E	0.0	>100	>100	neg.	neg.	neg.	31.2	15.1	9.1
P/B	0.0	4.2	3.2	2.5	2.3	2.2	2.0	1.8	1.5
P/S	0.0	1.9	1.1	0.7	0.7	0.6	0.5	0.5	0.4
EV/Sales	0.2	1.9	1.4	1.1	1.1	1.0	0.8	0.7	0.6
EV/EBITDA	1.2	15.9	19.7	29.4	21.8	11.7	8.3	6.4	4.9
EV/EBIT (adj.)	1.5	21.8	17.8	30.5	neg.	25.8	14.6	10.7	7.4
Payout ratio (%)	25.1 %	185.1 %	152.1 %	0.0 %	0.0 %	0.0 %	0.0 %	29.6 %	41.4 %
Dividend yield-%		1.4 %	1.9 %	0.0 %	0.0 %	0.0 %	0.0 %	2.0 %	4.6 %

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
Kesla Oyj	11	22	11.2		7.5	22.5	0.6	0.6	9.4		3.8		0.9
Robit Plc	26	48	24.0	16.0	8.0	6.9	0.5	0.5		17.4	4.1	3.3	0.6
Ponsse Oyj	832	825	23.4	15.9	11.8	9.6	1.1	1.1	90.0	23.0	1.6	2.2	2.5
Kalmar	2492	2601	13.2	12.5	9.7	9.9	1.5	1.6	16.6	16.2	2.8	2.9	3.4
Metso Corp	9496	10537	13.9	13.9	11.7	11.3	2.2	2.1	18.5	17.2	3.1	3.3	3.7
Sandvik AB	25444	29119	15.8	15.3	11.6	11.4	2.7	2.7	20.1	18.0	2.5	2.6	3.1
Kongsberg Gruppen ASA	23958	23045	42.0	32.6	33.5	26.7	5.6	4.6	55.0	39.9	0.9	1.6	15.1
Enerpac Tool Group Corp	1725	1768	16.2	15.5	13.8	13.5	3.5	3.4	21.4	20.8			4.0
Interpump Group SpA	3713	4107	11.4	12.4	8.7	9.1	2.0	2.0	15.6	16.4	1.0	1.0	1.9
Parker-Hannifin Corp	77877	85550	23.8	21.8	20.4	19.3	5.0	5.1	28.7	26.6	0.9	0.9	7.6
Donaldson Company Inc	7006	7471	16.0	15.1	13.4	12.7	2.4	2.4	20.9	19.2	1.4	1.6	5.3
SMC Corp	18232	14321	10.1	8.7	10.2	10.6	3.2	3.1	18.0	20.2	1.8	2.0	1.8
Norrhydro (Inderes)	17	26	25.8	14.6	11.7	8.3	1.0	0.8	-110.2	27.2	0.0	0.0	2.2
Average			17.8	15.7	13.1	13.4	2.6	2.5	27.7	21.3	2.1	2.1	4.0
Median			15.8	15.2	11.6	11.3	2.4	2.4	19.3	19.7	1.8	2.0	3.1
Diff-% to median			64%	-4%	1%	-26%	-61%	-65%	-671%	38%	-100%	-100%	-29%

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	13.0	27.9	30.8	34.4	38.9
EBITDA	1.7	1.1	0.77	0.49	1.26	1.23	1.03	2.26	3.11	3.87	4.83
Depreciation	-0.9	-1.4	-0.67	-0.68	-1.34	-0.65	-0.66	-1.31	-1.42	-1.61	-1.70
EBIT (excl. NRI)	2.4	1.1	0.13	-0.15	-0.02	0.61	0.41	1.03	1.77	2.33	3.21
EBIT	0.8	-0.3	0.11	-0.19	-0.08	0.57	0.37	0.95	1.69	2.25	3.13
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	-0.24	-0.23	0.57	1.32	2.33
Taxes	-0.2	0.0	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	-0.20	-0.47
Net earnings	0.0	-1.4	-0.44	-0.88	-1.32	0.01	-0.24	-0.23	0.54	1.12	1.86
EPS (adj.)	0.15	-0.01	-0.04	-0.08	-0.11	0.00	-0.02	-0.01	0.06	0.11	0.18
EPS (rep.)	0.00	-0.13	-0.04	-0.08	-0.12	0.00	-0.02	-0.02	0.05	0.10	0.17

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 %	16.7 %	15.0 %	10.6 %	11.7 %	13.0 %
Adjusted EBIT growth-%									72.7 %	31.4 %	37.8 %
EBITDA-%	5.7 %	3.6 %	5.9 %	4.4 %	5.2 %	8.2 %	7.9 %	8.1 %	10.1 %	11.2 %	12.4 %
Adjusted EBIT-%	8.0 %	3.5 %	1.0 %	-1.3 %	-0.1 %	4.1 %	3.2 %	3.7 %	5.8 %	6.8 %	8.3 %
Net earnings-%	0.1 %	-4.8 %	-3.4 %	-7.9 %	-5.5 %	0.1 %	-1.9 %	-0.8 %	1.8 %	3.3 %	4.8 %

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	4.8	4.6	4.6
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	10.5	11.6	12.9	14.5
Inventories	7.4	8.5	9.4	10.5	11.7
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	1.2	1.3	1.5	1.6	1.9
Cash and equivalents	0.6	0.7	0.7	0.8	0.9
Balance sheet total	24.0	24.7	25.4	26.5	28.0

Source: Inderes

Liabilities & equity	2024	2025e	2026e	2027e	2028e
Equity	7.9	7.7	8.2	9.4	10.9
Share capital	4.3	4.3	4.3	4.3	4.3
Retained earnings	-6.7	-6.9	-6.4	-5.3	-3.7
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	10.5	12.2	12.2	12.1
Interest bearing debt	2.5	3.8	4.8	3.8	2.7
Payables	5.9	6.7	7.4	8.3	9.4
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	24.0	24.7	25.4	26.5	28.0

DCF-calculation

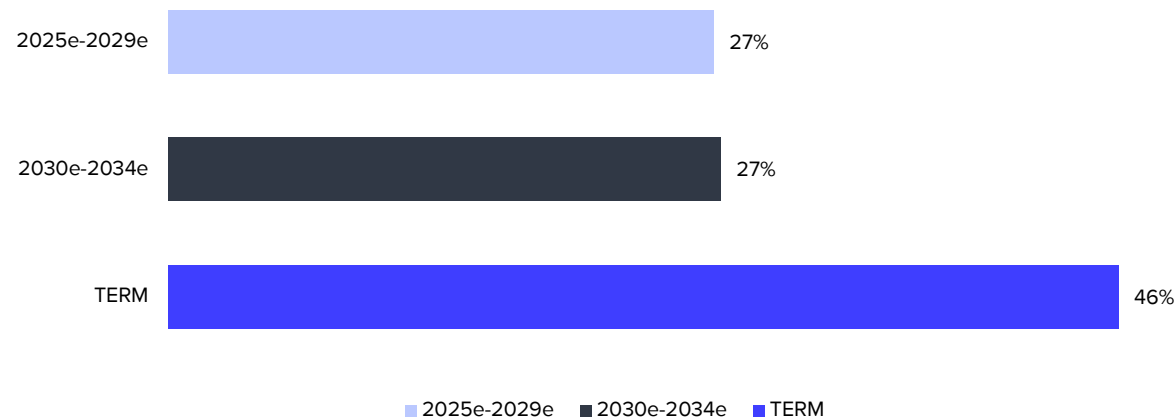
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-20.2 %	15.0 %	10.6 %	11.7 %	13.0 %	13.9 %	14.6 %	12.7 %	9.1 %	10.0 %	2.5 %	2.5 %
EBIT-%	-0.3 %	3.4 %	5.5 %	6.5 %	8.1 %	9.8 %	10.3 %	10.3 %	10.3 %	7.5 %	7.5 %	7.5 %
EBIT (operating profit)	-0.1	0.9	1.7	2.3	3.1	4.3	5.2	5.9	6.4	5.1	5.3	
+ Depreciation	1.3	1.3	1.4	1.6	1.7	1.7	1.7	1.8	1.9	2.0	2.1	
- Paid taxes	0.0	0.0	0.0	-0.2	-0.5	-0.8	-0.9	-1.1	-1.2	-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	-0.4	-0.4	-0.3	-0.4	-0.4	-0.5	-0.6	-0.5	-0.6	-0.2	
Operating cash flow	2.2	1.9	2.7	3.2	3.8	4.8	5.4	5.9	6.5	5.5	6.2	
- Gross CAPEX	-1.3	-0.7	-1.0	-1.4	-1.6	-1.9	-2.1	-2.4	-2.8	-2.6	-2.5	
Free operating cash flow	0.9	1.2	1.7	1.8	2.2	2.9	3.3	3.4	3.7	2.9	3.6	
FCFF	0.9	1.2	1.7	1.8	2.2	2.9	3.3	3.4	3.7	2.9	3.6	37.3
Discounted FCFF		1.1	1.4	1.3	1.5	1.7	1.7	1.6	1.5	1.1	1.2	12.3
Sum of FCFF present value		26.5	25.4	24.0	22.6	21.2	19.4	17.7	16.1	14.6	13.5	12.3
Enterprise value DCF		26.5										
- Interest bearing debt		-10.2										
+ Cash and cash equivalents		0.6										
-Dividend/capital return		0.0										
Equity value DCF		16.9										
Equity value DCF per share		1.53										

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 %
Cost of equity	14.7 %
Weighted average cost of capital (WACC)	12.5 %

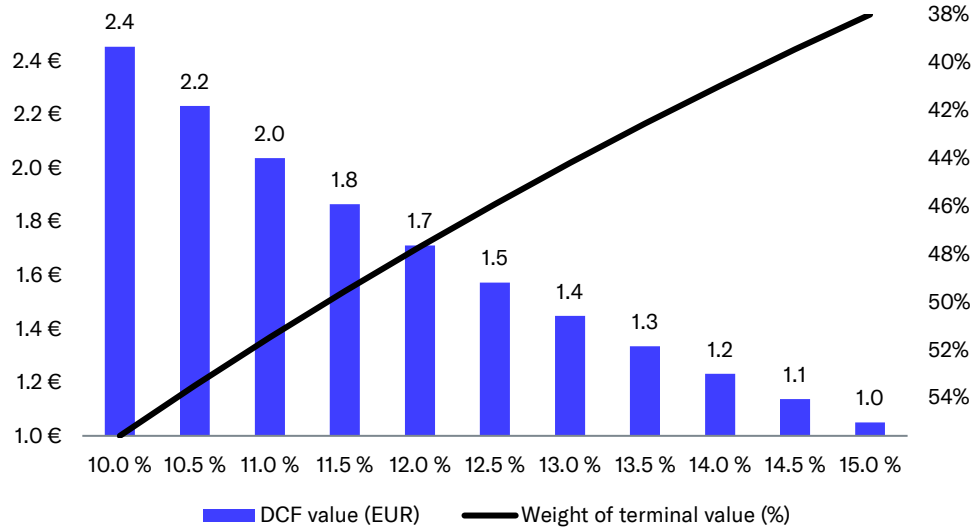
Source: Inderes

Cash flow distribution

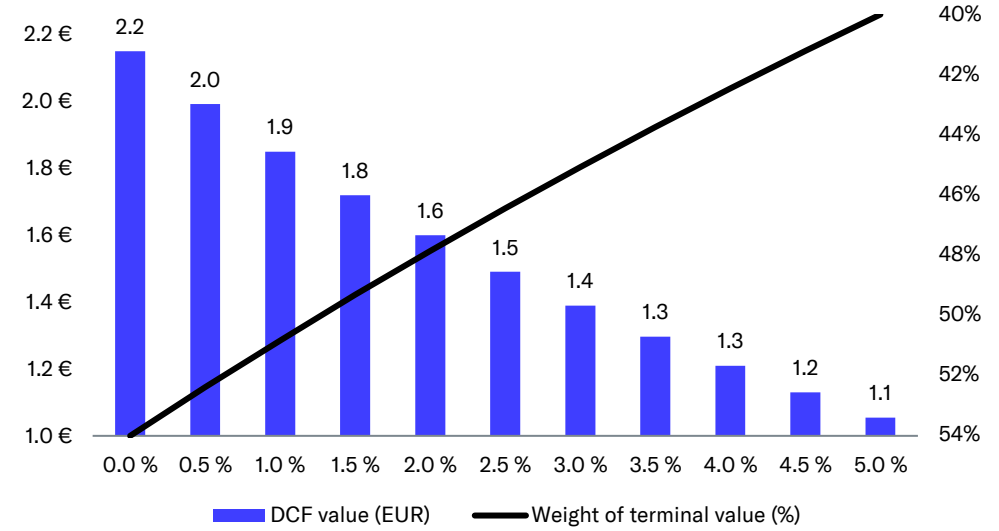


DCF sensitivity calculations and key assumptions in graphs

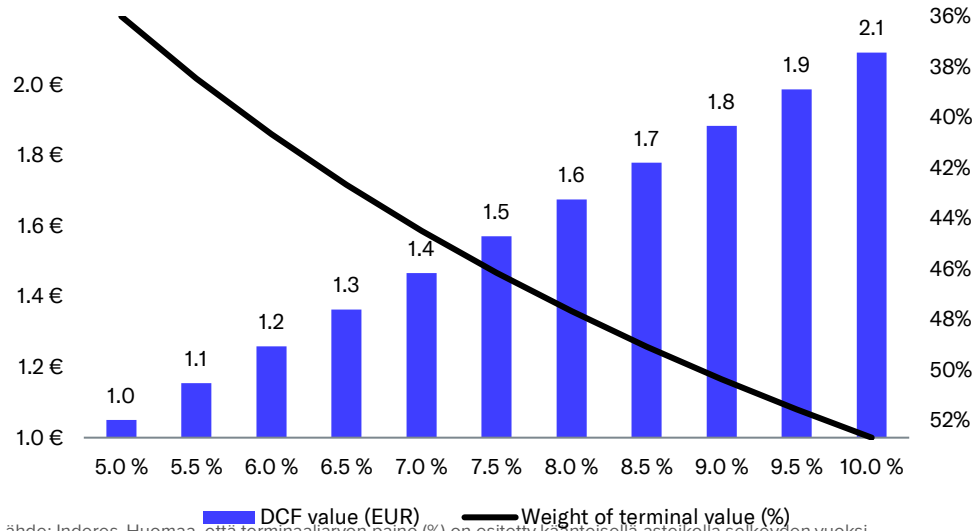
Sensitivity of DCF to changes in the WACC-%



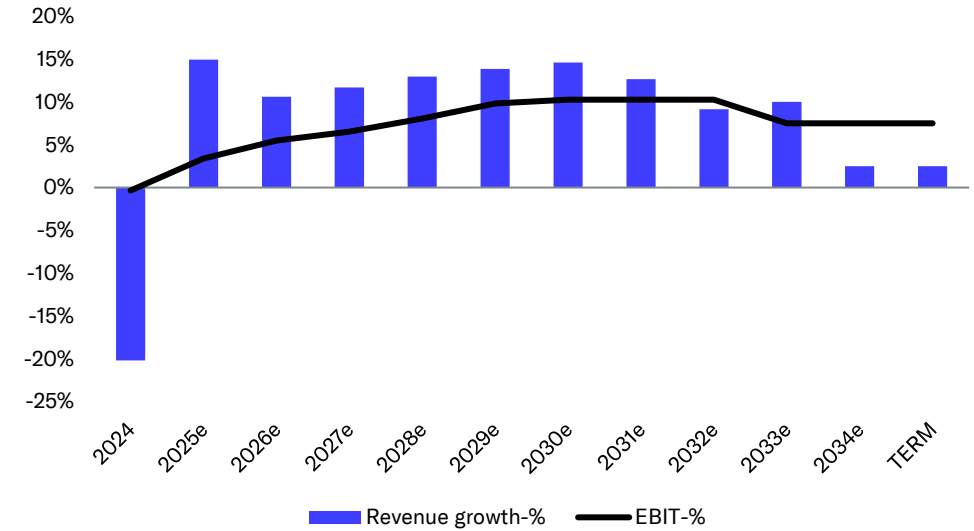
Sensitivity of DCF to changes in the risk-free rate



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	29.7	30.4	24.2	27.9	30.8	EPS (reported)	0.00	-0.13	-0.12	-0.02	0.05
EBITDA	1.7	1.1	1.3	2.3	3.1	EPS (adj.)	0.15	-0.01	-0.11	-0.01	0.06
EBIT	0.8	-0.3	-0.1	0.9	1.7	OCF / share	0.01	0.13	0.20	0.17	0.24
PTP	0.2	-1.4	-1.3	-0.2	0.6	FCF / share	-0.60	-0.01	0.08	0.10	0.15
Net Income	0.0	-1.4	-1.3	-0.2	0.5	Book value / share	0.98	0.81	0.72	0.70	0.75
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	24.7	25.4	Revenue growth-%	20%	2%	-20%	15%	11%
Equity capital	10.7	8.9	7.9	7.7	8.2	EBITDA growth-%	-43%	-35%	15%	79%	38%
Goodwill	0.4	0.3	0.3	0.3	0.3	EBIT (adj.) growth-%	9%	-55%	-102%	-4602%	73%
Net debt	8.0	9.6	9.6	9.6	9.0	EPS (adj.) growth-%	-22%	-108%	874%	-88%	-505%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	5.7 %	3.6 %	5.2 %	8.1 %	10.1 %
EBITDA	1.7	1.1	1.3	2.3	3.1	EBIT (adj.)-%	8.0 %	3.5 %	-0.1 %	3.7 %	5.8 %
Change in working capital	-1.3	0.3	0.9	-0.4	-0.4	EBIT-%	2.8 %	-0.8 %	-0.3 %	3.4 %	5.5 %
Operating cash flow	0.1	1.4	2.2	1.9	2.7	ROE-%	0.4 %	-14.8 %	-15.7 %	-3.0 %	6.8 %
CAPEX	-6.6	-1.5	-1.3	-0.7	-1.0	ROI-%	4.8 %	-1.2 %	-0.3 %	5.3 %	9.5 %
Free cash flow	-6.5	-0.1	0.9	1.2	1.7	Equity ratio	38.3 %	35.0 %	33.1 %	31.2 %	32.4 %
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	74.7 %	108.6 %	120.9 %	124.9 %	109.5 %
EV/S		1.1	1.1	1.0	0.8						
EV/EBITDA		29.4	21.8	11.7	8.3						
EV/EBIT (adj.)		30.5	neg.	25.8	14.6						
P/E (adj.)		neg.	neg.	neg.	27.2						
P/B	3.2	2.5	2.3	2.2	2.0						
Dividend-%		0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
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 Oyj

Porkkalankatu 5
00180 Helsinki
+358 10 219 4690

[inderes.se](https://www.inderes.se)

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