

# LINDEX GROUP

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INDERES CORPORATE CUSTOMER  
**COMPANY REPORT**

A blurred image of the LINDEX logo in red capital letters on a glass surface, with a bokeh background of lights.

# Restructuring and strategic assessment ending in H2

Although Lindex's Q2 result was weak, the company reaffirmed its guidance to achieve an adjusted EBIT of 70-90 MEUR for the full year. We expect 66 MEUR, so we anticipate a reduction in guidance. However, the company's restructuring process and strategic review will finally conclude during H2, which could potentially increase the stock's value. Supported by the potential of reorganization, we reiterate our Buy recommendation and EUR 3.5 target price.

## Q2 result was weak

Lindex Group's revenue grew by 1%, reaching the level of the comparison period in comparable currencies. We expected 3% growth. The Lindex division's adjusted EBIT fell to 23 MEUR, compared to 31 MEUR in the comparison period and our 29 MEUR expectation. The drop was largely due to a weaker gross margin, though revenue and fixed costs were also below our forecasts. The Stockmann division's result improved slightly to positive territory from -1 MEUR in the comparison period, although we expected somewhat better, i.e. 1 MEUR. The Lindex division's adjusted EBIT was 22 MEUR, well below the 31 MEUR of the comparison period and our estimate of 29 MEUR.

## Guidance unchanged, but our estimates predict a reduction

Lindex reiterated its guidance and expects the change in revenue to be 0-4% in local currencies and adjusted EBIT to reach 70-90 MEUR in 2025. For H1, revenue decreased by 1% and EBIT decreased by some 10 MEUR. This means reaching the guidance requires a better performance in H2 than last year. Lindex expects consumer demand to improve by the end of the year as well as increased efficiency from progress on the logistics center relocation, which supports its guidance. In addition, Lindex's Q3'24 result was burdened by logistical problems, so the comparison figure for that quarter is slightly easier than at the beginning of the year, for example. We lowered our estimates mainly due to the weak Q2 result and

now expect adjusted EBIT to be 66 MEUR. Thus, we expect Lindex to have to issue a profit warning later this year. We also lowered our 2026 estimates by 4% at the adjusted EBIT level.

## Restructuring and strategic review to be completed this year

In June, Lindex announced that it had settled the last dispute regarding the restructuring debt and expected to finish the restructuring process during Q3. This allows for payment of dividends and financial arrangements, among other things, and facilitates reorganization in our view. In the same release, Lindex stated that the results of the nearly two-year strategic assessment of its department store operations will be issued before the end of the year. We believe Lindex intends to sell the department stores, a move that would likely have a highly positive impact on the stock. After completing the process of restructuring and potentially selling the department stores, we anticipate that the company will pursue a listing in Sweden and consider selling its logistics center property. These possible changes may also support the share in the future.

## Potential of structural change still offers good expected return

As Lindex conducts a strategic assessment of its department store business, we believe that the sum-of-the-parts model is the best valuation method, valuing the company at just over EUR 4 per share. However, this should consider the related uncertainties of the manner and schedule of possible department store structural changes. While this year's weaker result for the Lindex division may temporarily weigh on the stock's valuation, we believe next year's earnings growth at the latest will support it at our estimated level. Overall, however, we think the expected return is good. With the current structure, Lindex's 2025 EV/EBIT (adjusted for lease liabilities) is around 12x, which we think is quite high, so the upside is mainly in potential restructuring.

## Recommendation

**Buy**  
(was Buy)

**Target price:**  
**EUR 3.50**  
(was EUR 3.50)

**Share price:**  
**EUR 2.62**

## Business risk



## Valuation risk



	2024	2025e	2026e	2027e
Revenue	940	946	960	961
growth-%	-1%	1%	1%	0%
EBIT adj.	75	66	78	89
EBIT-% adj.	8.0 %	6.9 %	8.1 %	9.3 %
Net Income	13	18	26	34
EPS (adj.)	0.15	0.10	0.16	0.21
P/E (adj.)	18.9	27.1	16.6	12.7
P/B	1.1	1.0	1.0	1.0
Dividend yield-%	0.0 %	1.9 %	3.1 %	3.8 %
EV/EBIT (adj.)	13.6	15.3	12.8	11.0
EV/EBITDA	6.4	5.8	5.3	5.0
EV/S	1.1	1.1	1.0	1.0

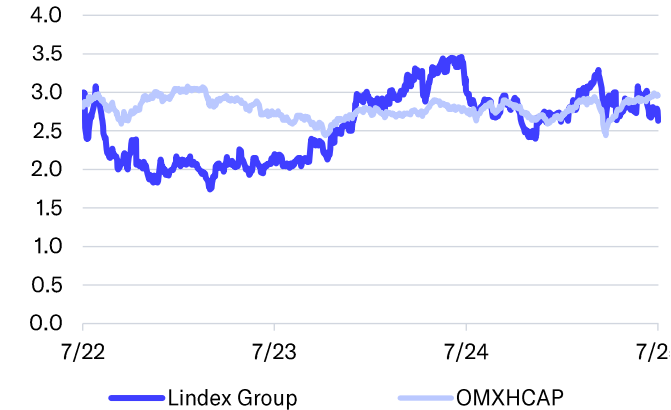
Source: Inderes

## Guidance

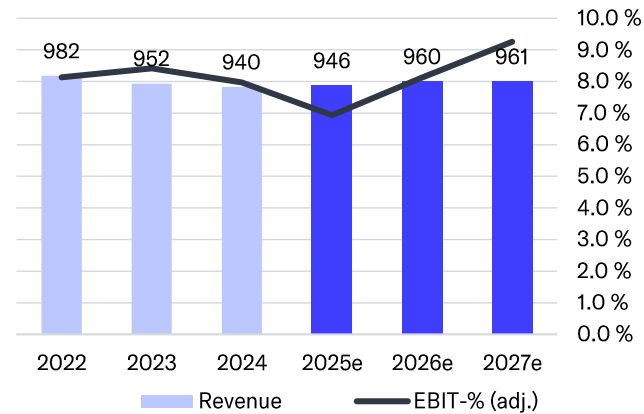
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Lindex Group expects revenue in local currencies to grow by 0-4% in 2025 compared to 2024. The Group's adjusted operating result is estimated to be 70-90 MEUR.

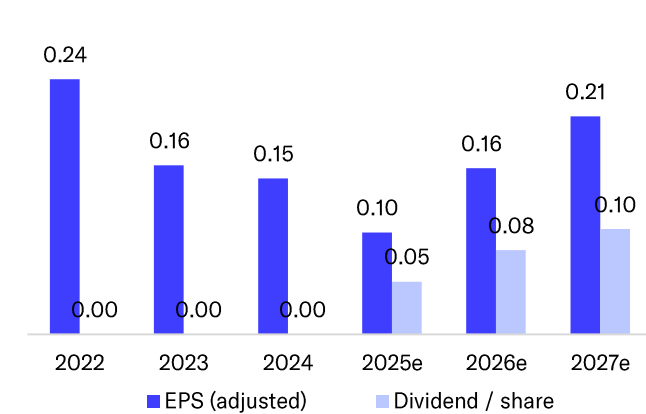
## Share price



## Revenue and EBIT-% (adj.)



## EPS and dividend



## Value drivers

- Lindex division's cash flow and value creation
- Divestment of the Stockmann division or gradual improvement in its profitability
- Corporate restructuring ending, which enables, e.g., dividend distribution and alleviates structural arrangements

## Risk factors

- Department stores destroy value, and we see no operational change to this in the next few years
- During and after the restructuring, the company's access to funding may be limited
- Lindex's result, like the fashion industry in general, has been unpredictable

Valuation	2025e	2026e	2027e
Share price	2.62	2.62	2.62
Number of shares, millions	162.8	164.0	164.0
Market cap	430	430	430
EV	1005	995	980
P/E (adj.)	27.1	16.6	12.7
P/E	23.4	16.6	12.7
P/B	1.0	1.0	1.0
P/S	0.5	0.4	0.4
EV/Sales	1.1	1.0	1.0
EV/EBITDA	5.8	5.3	5.0
EV/EBIT (adj.)	15.3	12.8	11.0
Payout ratio (%)	45.0 %	50.7 %	48.3 %
Dividend yield-%	1.9 %	3.1 %	3.8 %

Source: Inderes

# Q2 result remained weak due to slow spring period and logistics transition

## Revenue remained practically at the level of the comparison period

Lindex Group's revenue grew by 1% and was at the level of the comparison period in comparable currencies. We expected 3% growth. The Lindex division's revenue grew by 1.5% (we expected 3%) and only marginally in comparable currencies, as we expected. As market figures suggest, the late start to summer negatively impacted the market in April and May, though June was better, partly due to the comparison figures. Stockmann division's revenue was also at last year's level, while we expected a slight increase. However, the company says its sales have grown faster than the fashion category. The closure of the Itis department store had no material impact on the Stockmann division's figures. We had expected it to have a small positive impact, albeit by a narrow margin.

## Earnings missed expectations and the comparison period due to the Lindex division

The adjusted EBIT of the Lindex division fell to 23 MEUR, compared to 31 MEUR in the comparison period and our 29 MEUR expectation. The gross margin for the comparison period was exceptionally strong (67.5%), and we expected it to normalize. The gross margin was 64.5%, while we expected 65.5%. According to the company, this was due to promotional activities, i.e., discounts, mainly caused by sluggish demand due to the cold spring. However, given the market conditions, we believe that the gross margin remains at a good level, although the CEO said in the interview that she expects to see a better level.

Revenue in the Lindex division also slightly missed our expectations, and fixed costs were a bit higher than we estimated. These were partly affected by the ongoing transition/ramp-up of Lindex's logistics center, resulting in minor product availability issues and higher-than-normal

fixed costs. So, the division performed slightly weaker than we expected in all respects, which led to a clearly weaker result than we had forecast.

The Stockmann division's result improved slightly to positive territory from -1 MEUR in the comparison period, although we expected somewhat better, i.e. 1 MEUR. A better-than-expected gross margin compensated for lower revenue, and fixed costs were slightly higher than we expected. The Lindex division's adjusted EBIT was 22 MEUR, well below the 31 MEUR of the comparison period and our 29 MEUR estimate.

## Cash flow steady, no net debt on the balance sheet

Lindex Group's free cash flow improved year-on-year in Q2 and was practically flat for H1, though it was negative due to seasonality. Net debt, excluding lease liabilities, was practically zero. With the investment in the logistics center largely complete, cash flow should turn distinctly positive going forward.

Estimates	Q2'24	Q2'25	Q2'25e	Q2'25e	Consensus	Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low High	Act. vs. inderes	Inderes
Revenue	252	254	259			-2%	946
EBIT (adj.)	29.5	22.2	29.2			-24%	65.6
EBIT	20.3	25.5	29.2			-13%	68.1
EPS (reported)	0.04	0.08	0.09			-11%	0.11
Revenue growth-%	-0.2 %	0.9 %	2.9 %			-2 pp	0.6 %
EBIT-% (adj.)	11.7 %	8.7 %	11.3 %			-2.5 pp	6.9 %

Source: Inderes

Lindex Q2'25: Strategic review of the Stockmann division continues (in English)



# Estimates for this year dropped below guidance

## Guidance unchanged, but reaching it requires a pickup in H2

Lindex reiterated its guidance and expects the change in revenue to be 0-4% in local currencies and adjusted EBIT to reach 70-90 MEUR in 2025. For H1, revenue decreased by 1% and EBIT decreased by some 10 MEUR. Adjusted EBIT for 2024 was 75 MEUR, meaning the midpoint of the guidance implies an improvement of around 5 MEUR over the comparison period. This means that reaching the guidance requires a better performance in H2 than last year. The company states that it expects consumer demand to improve by the end of the year as well as increased efficiency due to progress on the logistics center relocation, which reinforces the guidance. In addition, the company's Q3'24 result was weighed down by logistical problems, so the comparison figure for that quarter is somewhat easier than at the beginning of the year, for example.

## Achieving the guidance looks difficult

Lindex has been relatively active in recent years in updating its guidance, and it has been reasonably accurate in doing so. However, we find it difficult to envision H2 earnings improving so much that the midpoint of the guidance of 80 MEUR would seem realistic. We lowered our estimates mainly due to the weak Q2 result and now expect adjusted EBIT to be 66 MEUR. We therefore expect Lindex to have to issue a profit warning later in the year. Admittedly, our forecasts were also at a similar level at the end of last year, but the company managed to deliver a strong Q4 result and fall well within its guidance.

## 2026 estimates set slightly more cautiously

While most of this year's earnings challenges can be attributed to

temporary factors, such as the market and the transfer of the logistics center, they may also reflect marginal pressure in the sector. Consequently, we have slightly lowered our forecasts for the Lindex division next year. However, we still expect a clear improvement next year, which should be bolstered by savings from the logistics center launch. We also slightly raised our financial cost estimates, which weighed on our EPS forecasts for 2025-26.

## Dividends already predicted for this year, following the end of restructuring

Lindex announced in June that it expects the restructuring process to be completed during Q3. This allows for a dividend distribution, among other things, so we added a 5-cent dividend for this year, to be paid next spring. We forecast a dividend payout ratio of around 50% for the coming years.

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	952	946	-1%	963	960	0%	964	961	0%
EBITDA	176	172	-2%	189	186	-2%	198	198	0%
EBIT (excl. NRIs)	74	66	-11%	81	78	-4%	89	89	0%
EBIT	73	68	-7%	81	78	-4%	89	89	0%
PTP	35	32	-8%	44	41	-7%	51	51	-1%
EPS (excl. NRIs)	0.14	0.10	-29%	0.17	0.16	-9%	0.21	0.21	0%
DPS	0.00	0.05		0.09	0.08	-11%	0.10	0.10	0%

Source: Inderes

Lindex Group, Webcast, Q2'25





# Valuation potential in restructuring

## There are some challenges in valuation

We feel there are a few factors that make the valuation of Lindex Group difficult. Firstly, a loss-making department store business affects the company's earnings multiples, which makes it difficult to use group figures as a whole. Secondly, the performance of both divisions has been very volatile over the last decade, so finding some kind of normal level is not self-evident. Third, the company's large lease obligations distort its balance sheet and EV-based figures. Fourth, the company does not recognize tax assets on the results of loss-making operations, which raises the tax rate and thus lowers net income and increases the P/E ratio. Based on these facts, we feel a need to look at figures that have been adjusted in various ways. As the company is conducting a strategic assessment of the department store business, we find the sum of the parts to be the best valuation method. However, this should consider the uncertainties related to the manner and schedule of the possible structural changes in department stores.

## Valuation summary – Buy

We consider the company's valuation attractive in terms of the risk/reward ratio, given the potential of structural arrangements. This could be realized this year, as the company expects the restructuring to be completed in Q3 and to report the results of the strategic assessment later in the year. As such, we already consider the earnings-based valuation highish. We expect a dividend starting in 2025 (the restructuring must be completed before the dividend is issued), which also contributes slightly to the expected return.

The values indicated by the sum-of-the-parts are well above the current share price. They assume the value of

the department stores to be slightly negative. This may materialize if the company decides to divest the department stores at the end of the strategic assessment. On the other hand, if department stores remain part of the group, their losses and negative cash flow continue to burden the company at least for the time being. Our DCF model assumes that the department stores will be cash-flow neutral starting in 2029.

With the current structure, we expect the company to reach 6-7% return on capital and 7-9% return on free cash flow in the medium term. The company could also pay this out as a dividend in the longer term if there are no bigger investments. The earnings and dividend income generated by the current estimates are not as such sufficient to award a positive view of the share.

## Getting rid of department stores would raise the value to around EUR 4

We believe that the sum of the parts is an interesting and useful perspective to the valuation of the stock. In our neutral scenario, we value the Lindex division at around 700 MEUR, which, averaged over 2024-26 results, means an EV/EBIT of around 9x (excluding lease liabilities). Lindex's closest peers KappAhl and MQ were usually priced below 10x EV/EBIT when listed. Considering the increased interest rate and IFRS 16 effects, the valuation could be expected to be slightly lower in the current market, although larger peers such as H&M are of course valued higher. With an EBIT of 80 MEUR, which we estimate to be the normalized earnings level, the Lindex division generates about 55 MEUR in free cash flow/net profit. By discounting this with a 1.5–2% growth assumption and a 9.5 % required return, the current value of the Lindex division is also about 700 MEUR.

Valuation	2025e	2026e	2027e
Share price	2.62	2.62	2.62
Number of shares, millions	162.8	164.0	164.0
Market cap	430	430	430
EV	1005	995	980
P/E (adj.)	27.1	16.6	12.7
P/E	23.4	16.6	12.7
P/B	1.0	1.0	1.0
P/S	0.5	0.4	0.4
EV/Sales	1.1	1.0	1.0
EV/EBITDA	5.8	5.3	5.0
EV/EBIT (adj.)	15.3	12.8	11.0
Payout ratio (%)	45.0 %	50.7 %	48.3 %
Dividend yield-%	1.9 %	3.1 %	3.8 %

Source: Inderes

# Valuation is highish with the current structure

Translated into a P/E ratio this means around 13x. This is below the level of Nordic retail sector peers (12–25x for 2025, median 21x), and significantly below the level of the larger global competitors H&M (20x) and Inditex (above 20x). We believe that the strong global market position and brand of these companies offer them clearly better growth prospects than the Lindex division, which makes the higher valuation justified.

If the company found a taker for its department stores business (i.e. sell it off at zero price), the value of the company would only consist of the Lindex division and would be over EUR 4 per share (see calculation on the right). However, the calculation must consider small group costs and negative cash flow generated by department stores as long as they are part of the group. Naturally, the company can also receive a small price for divesting the department stores, although we do not expect the sum from this clearly loss-making business to be significant. It is also possible that the company would in practice have to pay the buyer of the department stores, which would mean the value in the transaction would be negative as well. Thus, the structural arrangements of the department store business clearly have the potential to create value in the company.

## Multiples and expected returns under the current structure

We feel one should not look directly at multiples calculated based on reported figures in the company’s valuation. In our view, the sensible way to look at the current structure is to look at the EV/EBIT figure, which excludes rental liabilities. If we remove lease liabilities from EV their

earnings impact included in financing items should be considered, which gives a comparable figure without IFRS 16 effects. In this way, EV/EBIT (or in practice EV/PTP) for this year would be around 12x. This is high for Lindex with its current structure, highlighting the need for restructuring in terms of value creation.

We estimate the company's net result and also cash flow level in 2026 to be around 25 MEUR, which implies a cash flow yield of around 6%. If Lindex Group is net debt-free, the company could, at least in principle, distribute the entire cash flow as dividends, as long as it is technically possible after the restructuring. In addition, we believe that earnings growth of around 5% over the next few years is realistic under the current structure. Longer term, however, we believe that the current structure has lower earnings growth expectations and that the current valuation level is on the high side. As a result, we do not believe that the expected return under the current structure is attractive relative to the risks and required returns.

## Probability weighted expected return

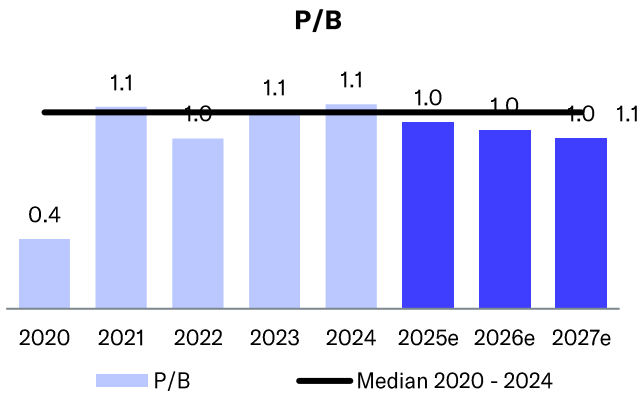
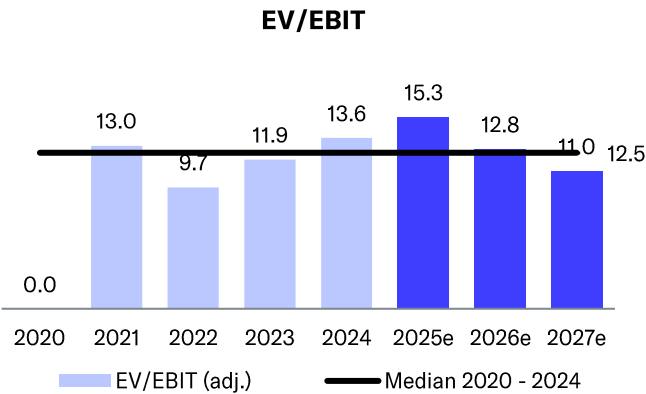
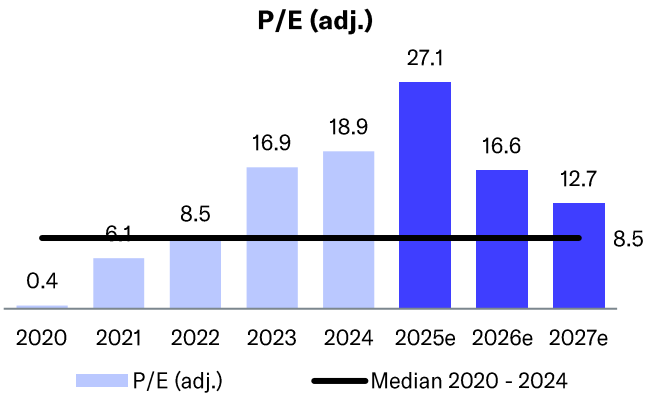
Without restructuring, we believe the expected return on the stock over the next few years will remain in the 5-10% range indicated by its sustainable cash flow yield and earnings growth. If we assume that the probability of the around EUR 4 sum-of-the-parts value realizing is, e.g., 2/3 within a year (and the remaining 1/3 for, e.g., 7% return) the expected return rises to over 30%. Our target price of EUR 3.5 also offers a similar expected return.

SOTP	MEUR
Lindex	700
Department stores and other costs	-50
Total	650
Debt excluding lease liabilities	-73
Cash at the end of 2025	95
Value of the share capital	672
Value per share	4.1

# Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	1.14	1.96	2.05	2.72	2.79	2.62	2.62	2.62	2.62
Number of shares, millions	72.0	114.0	155.2	160.0	160.4	162.8	164.0	164.0	164.0
Market cap	80	303	320	432	451	430	430	430	430
EV		889	774	953	1022	1005	995	980	966
P/E (adj.)	0.4	6.1	8.5	16.9	18.9	27.1	16.6	12.7	11.6
P/E	neg.	4.7	3.1	8.4	33.8	23.4	16.6	12.7	11.6
P/B	0.4	1.1	1.0	1.1	1.1	1.0	1.0	1.0	0.9
P/S	>100	0.3	0.3	0.5	0.5	0.5	0.4	0.4	0.4
EV/Sales		1.0	0.8	1.0	1.1	1.1	1.0	1.0	1.0
EV/EBITDA		4.8	3.0	5.4	6.4	5.8	5.3	5.0	4.8
EV/EBIT (adj.)		13.0	9.7	11.9	13.6	15.3	12.8	11.0	10.5
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	45.0 %	50.7 %	48.3 %	50.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	1.9 %	3.1 %	3.8 %	4.3 %

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/S		P/E		Dividend yield-%		P/B
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Lindex	446	1094	14.5	13.4	6.1	5.8	1.2	1.1	14.9	13.1		3.8	1.1
H & M	19305	24350	17	15	7	7	1	1	19.7	17.1	5.1	5.4	5.0
Fast Retailing	82332	76410	21.6	20.6	17.0	16.1	3.9	3.6	33.4	31.9	1.1	1.1	6.2
Inditex	130463	125265	16.8	16.0	11.8	11.3	3.3	3.1	22.4	21.6	4.1	4.2	6.7
Tokmanni	646	1006	9.9	8.4	4.3	3.9	0.6	0.6	12.2	9.5	6.2	7.6	2.3
Puulo	1132	1246	19.5	16.3	15.0	12.6	3.2	2.8	23.8	19.7	3.4	4.1	11.2
Kesko	8153	11579	17.1	15.5	9.1	8.5	0.9	0.9	18.0	16.0	4.6	4.9	3.0
Clas Ohlson	1932	1993	19.6	17.0	11.6	10.7	2.0	1.9	24.5	21.3	2.3	2.4	8.3
Lindex Group (Inderes)	430	1005	15.3	12.8	5.8	5.3	1.1	1.0	27.1	16.6	1.9	3.1	1.0
Average			17	15	10	9	2	2	20.9	18.4	3.8	4.2	5.3
Median			16.8	15.5	9.2	8.5	1.5	1.4	19.7	17.1	3.8	4.1	5.0
Diff-% to median			-9%	-18%	-36%	-37%	-28%	-26%	37%	-3%	-50%	-26%	-79%

Source: Refinitiv / Inderes

# Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	952	193	252	222	274	940	186	254	227	279	946	960	961	978
Lindex	633	131	170	159	169	629	126	172	166	176	641	660	676	693
Stockmann	319	62	82	63	105	312	60	82	61	103	306	300	285	285
EBITDA	177	17.8	45.0	39.9	57.1	160	15.8	51.4	42.2	63.0	172	186	198	201
Depreciation	-100	-25.4	-24.7	-24.9	-23.9	-99	-25.3	-26.0	-26.0	-27.0	-104	-108	-109	-109
EBIT (excl. NRI)	80.1	-6.5	29.5	15.7	36.2	75	-8.7	22.1	16.2	36.0	66	78	89	92
EBIT	76.5	-7.6	20.3	15.0	33.2	60.9	-9.5	25.4	16.2	36.0	68	78	89	92
Lindex	90	4.2	30.8	21.1	26.8	83	-0.3	22.8	21.0	26.0	70	80	88	90
Stockmann	-6	-9.4	-0.6	-4.5	10.6	-4	-7.3	0.2	-4.0	11.0	-0.1	1.0	4.0	5.0
Non-allocated	-3.9	-1.2	-0.8	-0.9	-1.1	-4.0	-1.2	-0.8	-0.8	-1.0	-3.8	-3.0	-3.0	-3.0
Net financial items	-30	-6.5	-8.1	-8.7	-9.1	-32	-11.6	-6.1	-9.0	-9.0	-36	-37	-38	-37
PTP	47	-14.1	12.2	6.3	24.1	28.6	-21.1	19.3	7.2	27.0	32	41	51	54
Taxes	5.0	-1.3	-5.2	-4.5	-4.4	-15.3	1.0	-6.3	-3.9	-4.9	-14.1	-15.1	-16.8	-17.2
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	52	-15.4	7.0	1.9	19.8	13.2	-20.1	13.0	3.3	22.1	18	26	34	37
EPS (adj.)	0.16	-0.09	0.10	0.02	0.12	0.15	-0.12	0.06	0.02	0.14	0.10	0.16	0.21	0.23
EPS (rep.)	0.32	-0.10	0.04	0.01	0.12	0.08	-0.12	0.08	0.02	0.14	0.11	0.16	0.21	0.23

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	-3.1 %	-2.9 %	-0.2 %	-2.1 %	-0.3 %	-1.2 %	-3.5 %	0.9 %	2.2 %	2.0 %	0.6 %	1.5 %	0.2 %	1.8 %
Adjusted EBIT growth-%	0.4 %	170.8 %	-6.6 %	-23.8 %	19.5 %	-6.5 %	34.2 %	-25.0 %	3.2 %	-0.6 %	-12.4 %	18.9 %	14.1 %	3.1 %
EBITDA-%	18.6 %	9.2 %	17.9 %	18.0 %	20.9 %	17.0 %	8.5 %	20.3 %	18.6 %	22.6 %	18.2 %	19.4 %	20.6 %	20.5 %
Adjusted EBIT-%	8.4 %	-3.4 %	11.7 %	7.1 %	13.2 %	8.0 %	-4.7 %	8.7 %	7.1 %	12.9 %	6.9 %	8.1 %	9.3 %	9.4 %
Net earnings-%	5.4 %	-8.0 %	2.8 %	0.8 %	7.2 %	1.4 %	-10.8 %	5.1 %	1.5 %	7.9 %	1.9 %	2.7 %	3.5 %	3.8 %

Source: Inderes

Full-year earnings per share are calculated using the number of shares at year-end.

# Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	963	989	1010	1017	1023
Goodwill	251	243	243	243	243
Intangible assets	115	114	114	114	114
Tangible assets	562	598	618	625	631
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.9	0.9	0.9	0.9	0.9
Other non-current assets	3.2	3.3	3.3	3.3	3.3
Deferred tax assets	30.3	30.6	30.6	30.6	30.6
Current assets	348	327	298	303	303
Inventories	163	170	161	163	163
Other current assets	5.3	0.4	0.4	0.4	0.4
Receivables	42.0	42.3	42.6	43.2	43.3
Cash and equivalents	138	115	94.6	96.0	96.1
Balance sheet total	1311	1316	1308	1319	1326

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	393	394	412	430	451
Share capital	77.6	77.6	77.6	77.6	77.6
Retained earnings	257	271	289	306	327
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	-17.3	-34.4	-34.4	-34.4	-34.4
Other equity	75.9	80.4	80.4	80.4	80.4
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	629	642	602	602	602
Deferred tax liabilities	51.0	52.3	52.3	52.3	52.3
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	578	589	550	550	550
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.3	0.4	0.0	0.0	0.0
Current liabilities	290	280	293	287	273
Interest bearing debt	81.6	97.1	120	111	96.8
Payables	178	164	170	173	173
Other current liabilities	29.7	19.0	3.0	3.0	3.0
Balance sheet total	1312	1316	1308	1319	1326

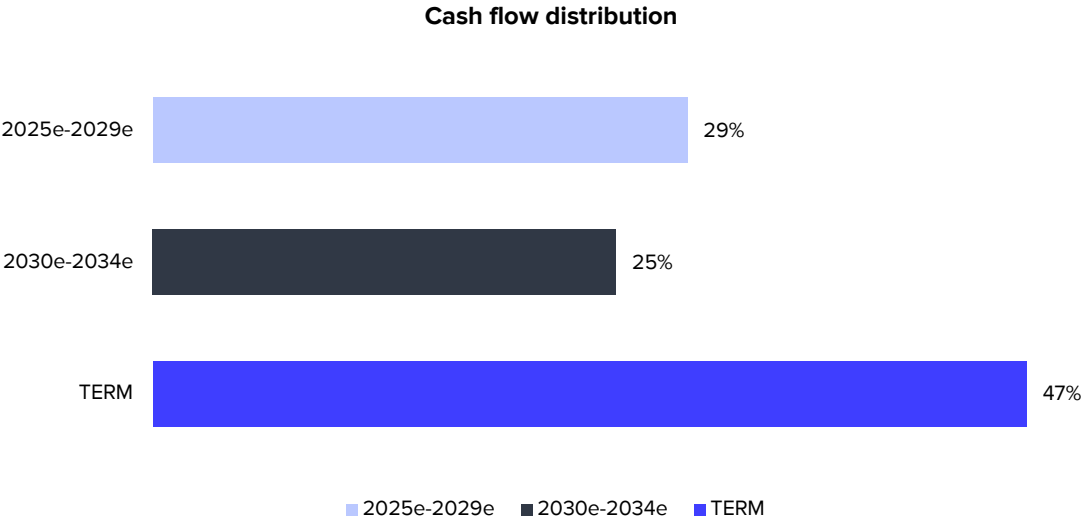
# DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-1.2 %	0.6 %	1.5 %	0.2 %	1.8 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	1.0 %	1.0 %
EBIT-%	6.5 %	7.2 %	8.1 %	9.3 %	9.4 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %
<b>EBIT (operating profit)</b>	<b>60.9</b>	<b>68.1</b>	<b>78.0</b>	<b>89.0</b>	<b>91.8</b>	<b>98.3</b>	<b>98.8</b>	<b>99.3</b>	<b>99.8</b>	<b>100</b>	<b>101</b>	
+ Depreciation	98.9	104	108	109	109	110	110	109	109	109	110	
- Paid taxes	-14.3	-14.1	-15.1	-16.8	-17.2	-18.5	-18.8	-19.2	-19.6	-20.0	-21.0	
- Tax, financial expenses	-6.8	-7.5	-7.8	-8.0	-7.9	-11.0	-10.8	-10.6	-10.3	-10.1	-9.4	
+ 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	-27.1	-1.3	-0.5	-0.1	-0.6	-0.2	-0.2	-0.2	-0.2	-0.2	-0.4	
<b>Operating cash flow</b>	<b>112</b>	<b>149</b>	<b>163</b>	<b>173</b>	<b>175</b>	<b>178</b>	<b>179</b>	<b>179</b>	<b>179</b>	<b>179</b>	<b>180</b>	
+ Change in other long-term liabilities	0.1	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-124.8	-125.0	-115.0	-115.0	-115.0	-115.0	-109.6	-112.4	-112.3	-112.2	-116.7	
<b>Free operating cash flow</b>	<b>-13.1</b>	<b>24.1</b>	<b>47.8</b>	<b>57.9</b>	<b>60.3</b>	<b>63.2</b>	<b>69.3</b>	<b>66.1</b>	<b>66.5</b>	<b>66.8</b>	<b>63.4</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-13.1	24.1	47.8	57.9	60.3	63.2	69.3	66.1	66.5	66.8	63.4	759
<b>Discounted FCFF</b>		<b>23.1</b>	<b>41.9</b>	<b>46.4</b>	<b>44.2</b>	<b>42.3</b>	<b>42.3</b>	<b>36.9</b>	<b>33.9</b>	<b>31.2</b>	<b>27.0</b>	<b>323</b>
Sum of FCFF present value		693	670	628	581	537	495	452	415	382	350	323
<b>Enterprise value DCF</b>		<b>693</b>										
- Interest bearing debt		-349										
+ Cash and cash equivalents		115										
-Minorities		0.0										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>458</b>										
<b>Equity value DCF per share</b>		<b>2.8</b>										

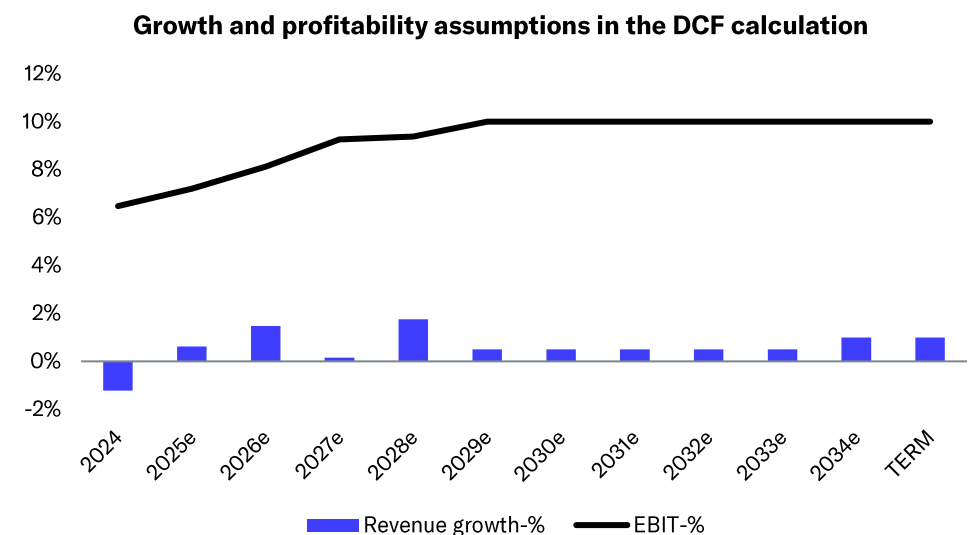
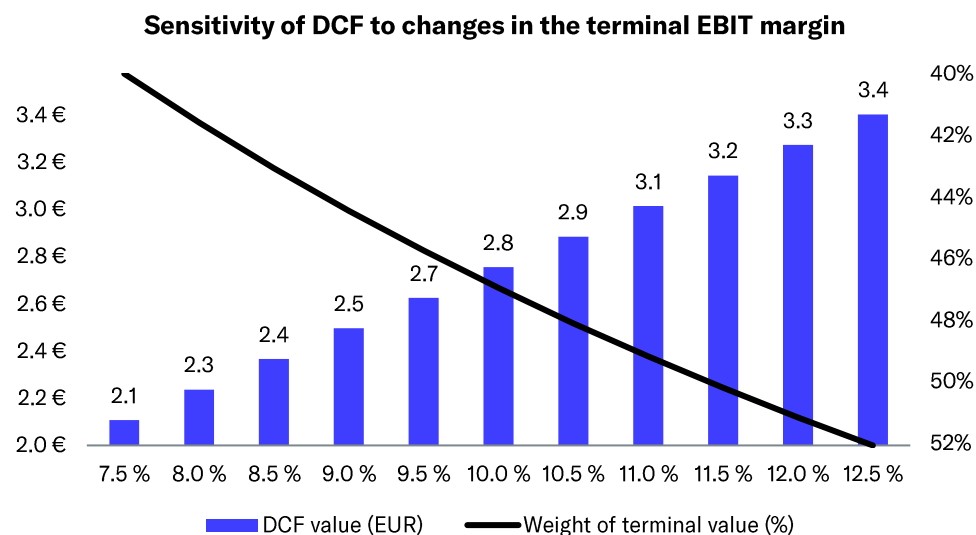
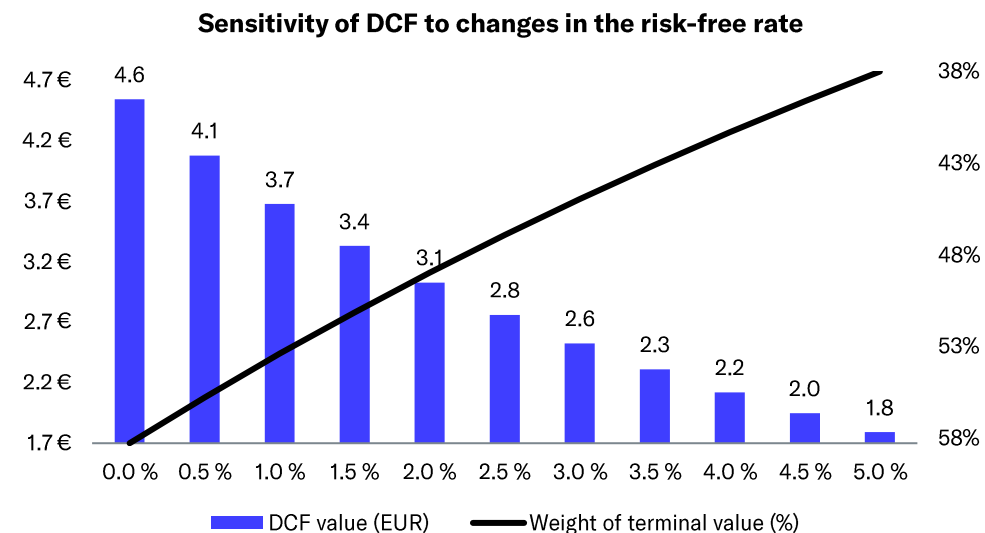
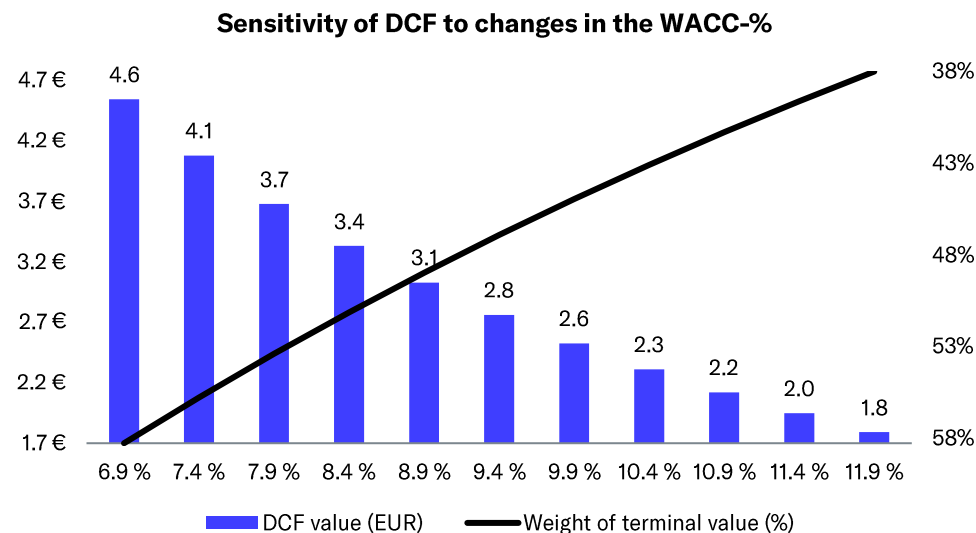
## WACC

Tax-% (WACC)	21.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	5.0 %
Equity Beta	1.25
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>9.4 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>9.4 %</b>

Source: Inderes



# DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

# Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	981.7	951.7	940.1	945.9	959.8	EPS (reported)	0.66	0.32	0.08	0.11	0.16
EBITDA	258.1	176.7	159.8	172.4	186.2	EPS (adj.)	0.24	0.16	0.15	0.10	0.16
EBIT	154.9	76.5	60.9	68.1	78.0	OCF / share	1.43	0.75	0.70	0.92	0.99
PTP	129.2	46.6	28.6	32.4	41.0	OFCF / share	1.89	-0.29	-0.08	0.15	0.29
Net Income	101.7	51.7	13.2	18.2	25.9	Book value / share	2.16	2.46	2.46	2.53	2.62
Extraordinary items	75.1	-3.6	-14.0	2.5	0.0	Dividend / share	0.00	0.00	0.00	0.05	0.08
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	1275.5	1310.5	1316.0	1308.1	1319.3	Revenue growth-%	9%	-3%	-1%	1%	1%
Equity capital	335.5	393.1	394.1	412.3	430.0	EBITDA growth-%	40%	-32%	-10%	8%	8%
Goodwill	250.9	250.9	242.9	242.9	242.9	EBIT (adj.) growth-%	17%	0%	-6%	-12%	19%
Net debt	454.4	521.6	571.4	575.6	565.2	EPS (adj.) growth-%	-25%	-34%	-8%	-35%	63%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	26.3 %	18.6 %	17.0 %	18.2 %	19.4 %
EBITDA	258.1	176.7	159.8	172.4	186.2	EBIT (adj.)-%	8.1 %	8.4 %	8.0 %	6.9 %	8.1 %
Change in working capital	-2.4	-68.7	-27.1	-1.3	-0.5	EBIT-%	15.8 %	8.0 %	6.5 %	7.2 %	8.1 %
Operating cash flow	222.4	120.5	111.6	149.5	162.8	ROE-%	33.7 %	14.2 %	3.4 %	4.5 %	6.1 %
CAPEX	8.5	-166.3	-124.8	-125.0	-115.0	ROI-%	15.3 %	7.6 %	5.7 %	6.3 %	7.2 %
Free cash flow	293.8	-46.2	-13.1	24.1	47.8	Equity ratio	26.3 %	30.0 %	29.9 %	31.5 %	32.6 %
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	135.4 %	132.7 %	145.0 %	139.6 %	131.4 %
EV/S	0.8	1.0	1.1	1.1	1.0						
EV/EBITDA	3.0	5.4	6.4	5.8	5.3						
EV/EBIT (adj.)	9.7	11.9	13.6	15.3	12.8						
P/E (adj.)	8.5	16.9	18.9	27.1	16.6						
P/B	1.0	1.1	1.1	1.0	1.0						
Dividend-%	0.0 %	0.0 %	0.0 %	1.9 %	3.1 %						

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
11/18/2022	Reduce	2.00 €	1.97 €
1/20/2023	Reduce	2.10 €	2.05 €
2/27/2023	Reduce	2.10 €	2.00 €
3/21/2023	Accumulate	2.10 €	1.76 €
5/2/2023	Accumulate	2.35 €	2.11 €
7/24/2023	Accumulate	2.40 €	2.08 €
9/26/2023	Accumulate	2.80 €	2.34 €
10/30/2023	Buy	2.80 €	2.13 €
11/17/2023	Accumulate	2.80 €	2.47 €
12/19/2023	Accumulate	3.10 €	2.73 €
2/12/2024	Accumulate	3.20 €	2.82 €
4/29/2024	Accumulate	3.50 €	2.96 €
7/16/2024	Accumulate	3.50 €	3.28 €
7/22/2024	Accumulate	3.50 €	2.98 €
9/23/2024	Buy	3.50 €	2.74 €
10/28/2024	Buy	3.50 €	2.77 €
2/4/2025	Buy	3.50 €	2.79 €
2/10/2025	Buy	3.50 €	2.80 €
4/30/2025	Buy	3.50 €	2.65 €
7/21/2025	Buy	3.50 €	2.62 €



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