

ALMA MEDIA

11/03/2025 08:30 EET

This is a translated version of the "Odotamme tuloskasvun kiihtyvän lähivuosina" report, published on 11/03/2025



Petri Gostowski
+358 40 821 5982
petri.gostowski@inderes.fi



INDERES CORPORATE CUSTOMER
COMPANY REPORT

Earnings growth expected to accelerate in coming years

Alma Media's Q3 figures were slightly below our estimates, which had risen due to the recent guidance upgrade. There were no surprises, and the slightly softer earnings growth than we expected was due to several factors. Thus, our estimated earnings growth outlook, based on a more favorable market situation in the coming years, has remained largely unchanged, and our estimate changes were marginal. We reiterate our Reduce recommendation and EUR 15.5 target price for Alma Media's stock, which we view as fairly priced.

The earnings estimate undershoot consisted of small streams

Alma Media's Q3 revenue grew by almost 6% from the comparison period to just over 79 MEUR. As expected, the Marketplaces segment was the growth driver, benefiting from both organic growth and acquisitions. Organic revenue growth is driven by a slight pick-up in the used car and old housing markets in Finland, as well as Alma Media's strong competitiveness in the Swedish commercial property market, where it is gaining market share. Atypically for the company, its costs grew faster than the top line in Q3, as a result of which adjusted EBIT came in at 22.7 MEUR, below our estimate. However, the profitability level is very good for the company, and there is no drama behind the cost development.

At the borderline of the guidance

Alma Media recently upgraded its guidance for the current year ahead of the Q3 report and expects its 2025 revenue and adjusted EBIT to be at the previous year's level or to grow. In our view, the raised guidance was driven by slightly stronger-than-expected performance in the marketplace businesses, where the organic growth drivers seen in Q3 also provided more tailwind than expected. In addition, the company's own cost efficiency and several small growth initiatives have been a positive surprise. We made minor downward revisions (1-2%) to our earnings estimates for this and coming years, and our estimated revenue

growth of just under 5% and adjusted EBIT growth of close to 7% for 2025 are, in our view, at the borderline of the current guidance (i.e., at the previous year's level or barely growing).

Market tailwinds and accelerating earnings growth in the coming years

We estimate Alma Media's (organic) growth in 2026-2027 will accelerate from this year's level, as our estimates rely on the assumption of a stronger economic environment. As economic growth picks up, we expect growth in consumer-driven marketplaces to accelerate and corporate recruitments to strengthen Career's growth. Further, in News Media, we expect the development of advertising revenue to pick up. In line with high-margin revenue growth, we expect the company's earnings to grow with leverage relative to top-line development. In addition, earnings growth will be aided by lower costs in Career, in line with the timing of development projects. Thus, we estimate revenue growth for 2026-2027 to reach 3-5% and operational earnings growth to average 8%.

Earnings growth will be absorbed by valuation multiples

Based on the LTM results, the adjusted P/E and EV/EBIT multiples for the stock are around 21x and 17x. In our view, even considering Alma Media's high return on capital, good cash flow generation, and growth outlook, these valuation multiples are high. Thus, our estimated strong earnings growth in the coming years (2025-2027 EPS growth 10%) is partly offset by the digestion of valuation multiples, and this, together with an average dividend yield of just over 3% in the coming years, does not raise the expected return above the required return. The neutral valuation picture is also supported by our cash flow model, which is at our target price level. We are therefore holding out for better entry points into Alma Media's earnings growth story.

Recommendation

Reduce

(was Reduce)

Target price:

EUR 15.50

(was EUR 15.50)

Share price:

EUR 14.80

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	313	328	343	353
growth-%	3%	5%	5%	3%
EBIT adj.	76.9	82.0	90.9	97.7
EBIT-% adj.	24.6 %	25.0 %	26.5 %	27.7 %
Net Income	52.3	57.7	68.3	74.8
EPS (adj.)	0.68	0.73	0.84	0.92
P/E (adj.)	16.2	20.3	17.7	16.1
P/B	3.9	4.8	4.3	3.8
Dividend yield-%	4.2 %	3.2 %	3.2 %	3.4 %
EV/EBIT (adj.)	13.4	16.3	14.4	13.0
EV/EBITDA	11.3	13.6	11.9	10.9
EV/S	3.3	4.1	3.8	3.6

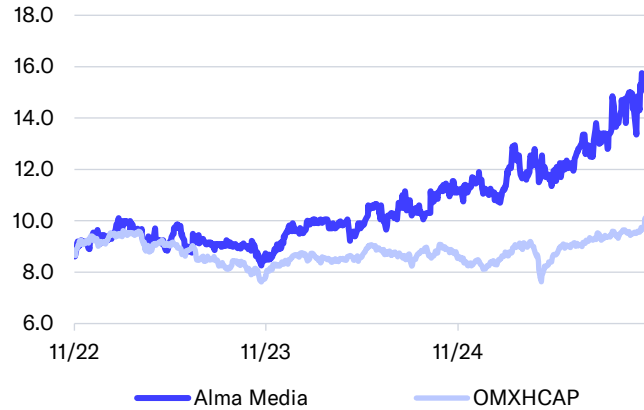
Source: Inderes

Guidance

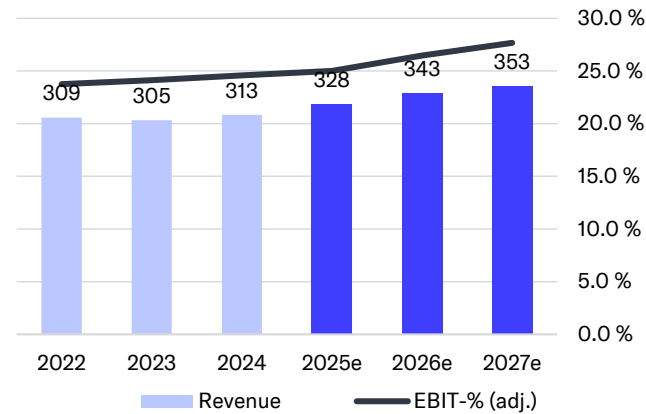
(Unchanged)

Alma Media expects its full-year revenue and adjusted operating profit of 2025 to remain at the 2024 level or grow. In 2024, Alma Media's revenue was 312.7 MEUR and adjusted EBIT 76.9 MEUR.

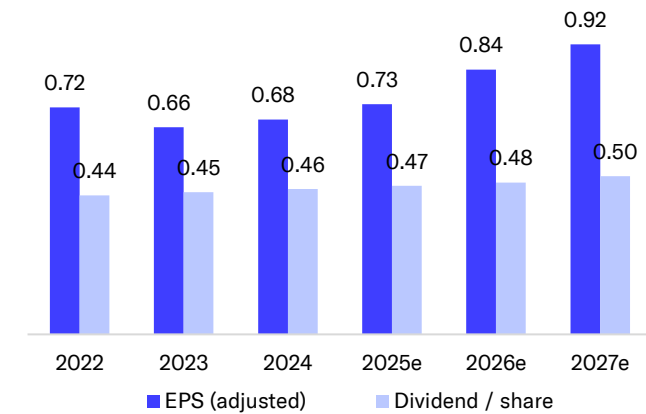
Share price



Revenue and EBIT-% (adj.)



EPS and dividend



Value drivers

- Profitable growth in digital businesses
- Positive long-term market trends of marketplace businesses
- Stable profitability development and good cash flow in media businesses
- M&A option that is positive given track record

Risk factors

- Cyclicalities especially in advertising and recruitment business
- Accelerated revolution in media and decrease in print media
- Competitive risks posed by new technologies
- Possible changes in competitive position and dynamics

Valuation	2025e	2026e	2027e
Share price	14.80	14.80	14.80
Number of shares, millions	82.1	82.1	82.1
Market cap	1215	1215	1215
EV	1337	1304	1267
P/E (adj.)	20.3	17.7	16.1
P/E	21.0	17.8	16.2
P/B	4.8	4.3	3.8
P/S	3.7	3.5	3.4
EV/Sales	4.1	3.8	3.6
EV/EBITDA	13.6	11.9	10.9
EV/EBIT (adj.)	16.3	14.4	13.0
Payout ratio (%)	66.8 %	57.7 %	54.8 %
Dividend yield-%	3.2 %	3.2 %	3.4 %

Source: Inderes

The earnings estimate undershoot was built from small streams

Revenue development in line with our expectations

Alma Media achieved revenue growth of almost 6% in Q3, which was well in line with our estimates. Growth was relatively evenly distributed between organic and inorganic growth from acquisitions, as is typical for the company.

Career's revenue was practically at the level of the comparison period, which was in line with our expectations. Classified income turned to marginal growth for the first time in a while, and together with the growth in digital income, they compensated for the downward trend in advertising income and Other income.

Group-level growth was largely driven by Marketplaces (+17%), which grew organically by a rather respectable 10%. Organic growth is built on the revitalized domestic used car and old housing markets, as well as the long-standing strong development of the Swedish commercial property marketplace. In the latter, the company gains market share due to its strong competitiveness. In News Media, digital

content income has remained in good growth, while online advertising is struggling at a slow pace at around market growth. As a counterbalance, print media is shrinking as expected and weighs on overall growth, bringing it to an expected level of around zero.

No drama behind the profitability decrease

Alma Media's adjusted EBIT was 22.7 MEUR in Q3, which was slightly below our estimate and corresponds to a decrease in profitability from the comparison period. However, there is no drama behind the profitability development, as the absolute level has remained quite strong, and the difference relative to our estimates is explained by higher-than-expected Career costs and slightly higher depreciation in Career and Marketplaces. The first one reflects the massive Career United development project. Overall, the cost level for the company exceptionally grew slightly more than the top line, but the company's cost efficiency is intact.

Net financing costs in Q3 were slightly higher than we anticipated, which, together with the operational earnings performance, hampered the development of earnings per share. Thus, Q3's EPS was EUR 0.20 and slightly below our estimate.

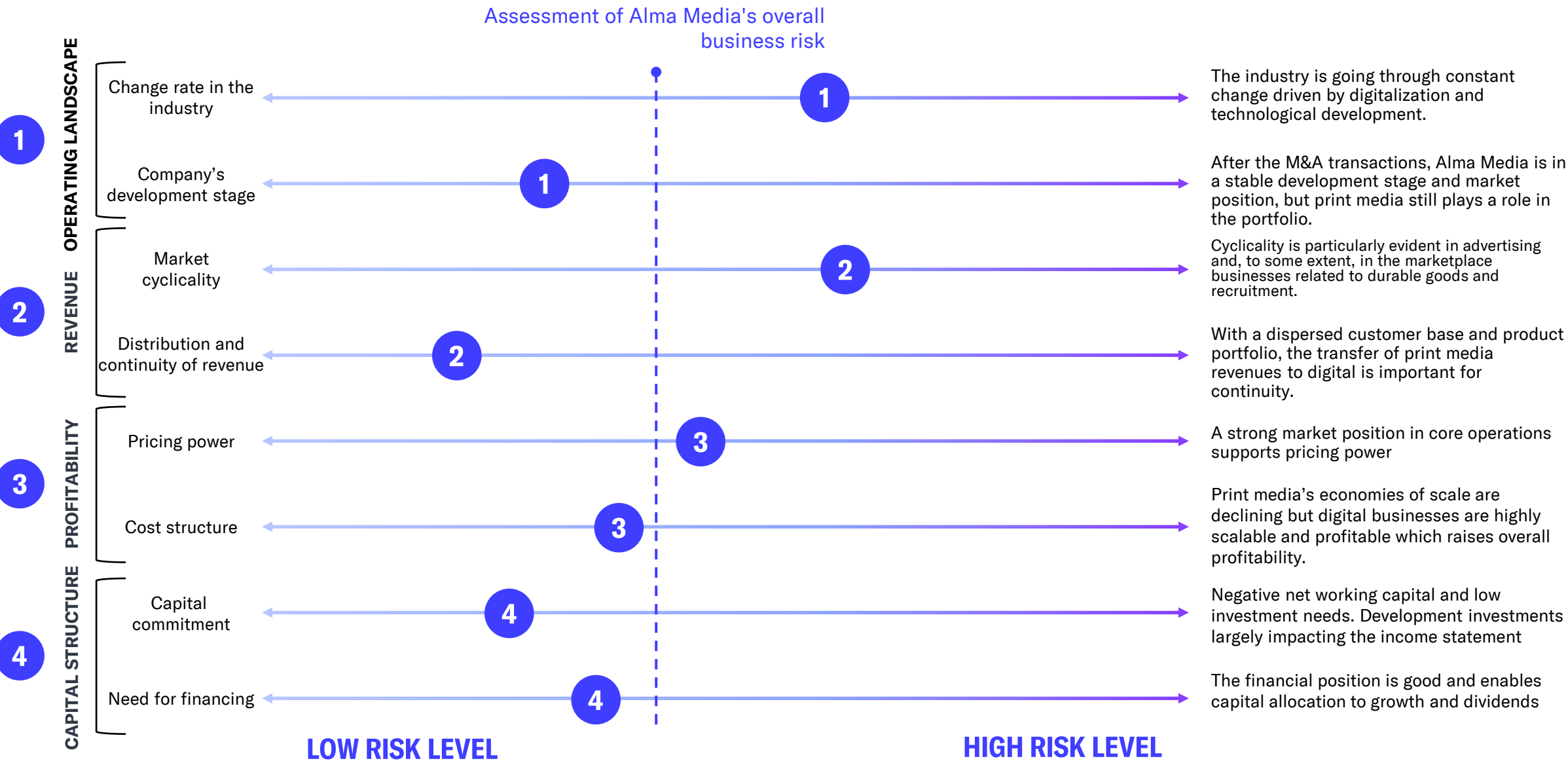
Good cash flow development and strong financial position

By the end of Q3, Alma had accumulated over 59 MEUR in operating cash flow, and thus free cash flow after normal investments and IFRS16 amortizations amounted to over 50 MEUR. In line with this very strong free cash flow development, the company's net debt has decreased to 145 MEUR even after significant acquisitions (19 MEUR YTD) and dividends. This corresponds to a moderate net debt/EBITDA level of 1.5x, and the company has significant room for potential acquisitions due to its strong financial position.

Ennustetaulukko	Q3'24	Q3'25	Q3'25e	Q3'25e	Consensus	Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low High	Act. vs. inderes	Inderes
Revenue	75.1	79.3	79.5	79.1	78.4-79.5	0%	328
EBIT (adj.)	21.9	22.7	23.7	23.2	22.2-23.7	-4%	82.0
EBIT	21.5	22.6	23.6	23.2	22.2-23.6	-4%	80.0
EPS (reported)	0.18	0.20	0.21	0.20	0.19-0.21	-5%	0.70
Revenue growth-%	2.2 %	5.6 %	5.8 %	5.3 %	4.4 %-5.8 %	-0.3 pp	4.9 %
EBIT-% (adj.)	29.1 %	28.6 %	29.8 %	29.3 %	28.3 %-29.8 %	-1.2 pp	25.0 %

Source: Inderes & Modular Finance
(consensus, 5 estimates)

Risk profile of the business model



The guidance is borderline

Estimate revisions

- Our 2025 estimate revisions reflect, in addition to Q3 figures, minor revisions to expenses and depreciation levels in Career and Marketplaces
- We also made similar estimate changes for 2026, as the development projects underway in Marketplaces and certain cost overlaps will largely continue next year
- In line with slightly higher net financing costs than we anticipated, we also revised our estimates for corresponding expenses in the coming years slightly upwards

Operational earnings drivers

- We estimate Alma Media's 2025 revenue to grow by almost 5% and adjusted EBIT by almost 7%
- We do not know the thresholds for the company's verbal guidance, but in our assessment, both revenue and earnings growth are at the borderline of the relative changes behind the words "at the previous year's level" and "grows"
- Thus, a revision of the current year's guidance to "grow" is not out of the question, even though the current guidance is met with our current estimates
- In 2026, we estimate that economic growth in Finland and Europe will pick up, which we expect to be reflected in the growth of all key income sources, and thus, we estimate Alma Media to achieve 5% growth, largely driven by organic growth
- In 2027, we expect the more favorable market situation to continue and growth to still reach 3%
- Our expected 11-8% operating EBIT growth for 2026-2027 is based on the growth of the company's high-margin revenue streams and the discontinuation of Career's development costs in 2027, which allows revenue growth in the coming years to scale quite efficiently to earnings

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	328	328	0%	341	343	1%	350	353	1%
EBIT (excl. NRIs)	84.1	82.0	-2%	92.4	90.9	-2%	98.2	97.7	-1%
EBIT	82.0	80.0	-2%	91.9	90.4	-2%	97.7	97.2	-1%
PTP	75.1	72.6	-3%	87.3	85.6	-2%	94.4	93.8	-1%
EPS (excl. NRIs)	0.75	0.73	-3%	0.85	0.84	-2%	0.92	0.92	-1%
DPS	0.47	0.47	0%	0.48	0.48	0%	0.50	0.50	0%

Source: Inderes

Alma Media, Webcast, Q3'25



Investment profile

- 1 Growth in digital businesses and excellent profitability
- 2 Stable and profitable media operations that generate cash flow
- 3 Economic growth is reflected in the business growth outlook
- 4 Balance sheet offers leeway for inorganic growth
- 5 Good track record of capital reallocation

Potential

- Organic growth potential in high profitability digital businesses
- The decrease in the company's development costs as large projects end improves the profitability potential
- Excellent cash flow and high ROIC
- M&A option that is positive given track record

Risks

- Cyclical sensitivity visible in some businesses
- Structural decrease in print media income and arising needs for adjustment
- Possible changes in competitive position
- Technology changes offer opportunities and risks

Earnings growth will be absorbed by valuation multiples

Valuation methods

In forming our view, we currently place most weight on the share's expected total return based on the forecasts for the next few years (earnings growth + dividends + changes in valuation multiples) and on the discounted cash flow (DCF) model.

For the earnings-based valuation, we favor the EV/EBIT ratio that reflects the balance sheet structure and the net profit-based P/E ratio. We do not give much weight to the relative valuation, because there are no obvious peers available for Alma Media's business structure that would provide a clear valuation benchmark.

Earnings growth and dividend yield create a nice expected return

We believe that the role of the dividend is crucial for the stock's expected return over the next few years. With our estimates and the current share price level, the dividend yield is good 3% in the next few years.

We expect operational earnings growth in the coming years to be at a fairly good level (2025-2027 average adjusted EBIT growth 8%) supported by gradual increases in revenue and profitability. In addition, the earnings pressure from net financial expenses will decrease due to falling interest rates and a shrinking debt level. Reflecting these factors, the projected EPS growth for the next few years is on average a good 10% p.a.

Alma Media's earnings-based valuation multiples for the last 12 months are an adjusted P/E of nearly 21x and an adjusted EV/EBIT of nearly 17x. In our view, these earnings-based valuation multiples are demanding despite Alma Media's rather good capital return and moderate organic

growth outlook. In our view, a justified valuation level is, e.g., an EV/EBIT multiple of around 14-16x and a P/E multiple of around 16-20x. We, therefore, believe there is downside in the current valuation multiples. This downside eats into some of the expected return from earnings growth and dividends in the coming years, and overall, it is roughly in line with the required return.

DCF

We feel that the applicability of the DCF calculation in Alma Media's valuation is reasonable, and it reflects the company's long-term ability to create value. In our opinion, the link between demand and economic cycles somewhat weakens its suitability, but on the other hand, Alma Media's track record over the past few years shows that it can defend its profitability quite convincingly even in a weak environment.

Our DCF model indicates a share value of EUR 15.7, suggesting that the stock is quite correctly priced. In the model, our long-term growth forecast is 2.5%, which reflects our estimate of organic growth potential (i.e., excluding acquisitions). Our profitability estimates, on the other hand, average 27% over the entire forecast period, and the terminal profitability estimate is 26%. Thus, the forecasted long-term operating result growth is just under 5% p.a., meaning that we expect growth to scale into earnings development also in the long run. These profitability levels are above the company's historical figures, so our model also includes expectations of future profitability improvement, which we consider warranted in light of the track record. On the other hand, this also reflects the expectations embedded in the current valuation.

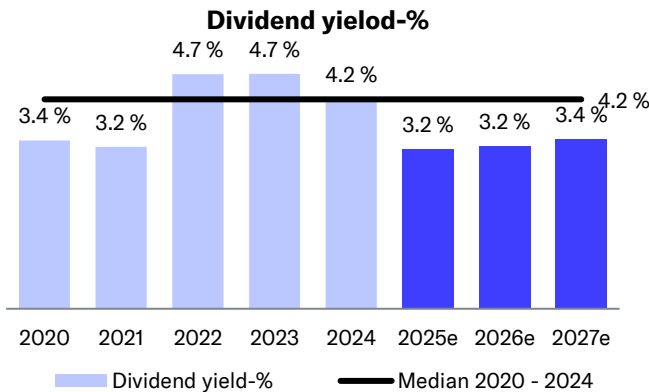
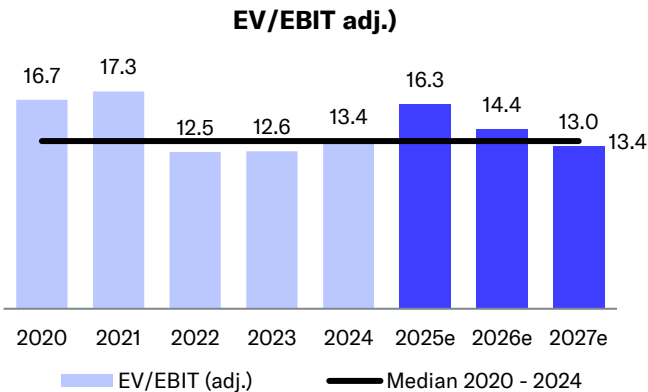
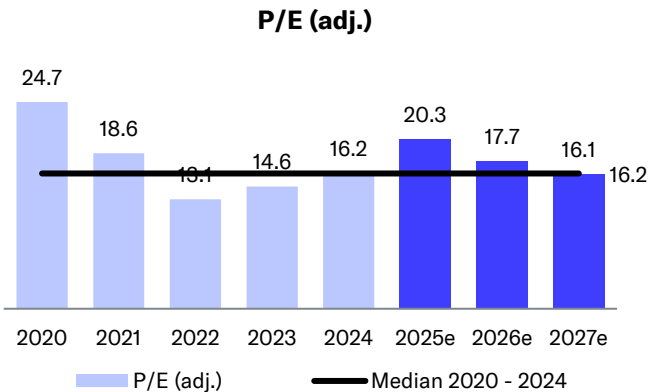
Valuation	2025e	2026e	2027e
Share price	14.80	14.80	14.80
Number of shares, millions	82.1	82.1	82.1
Market cap	1215	1215	1215
EV	1337	1304	1267
P/E (adj.)	20.3	17.7	16.1
P/E	21.0	17.8	16.2
P/B	4.8	4.3	3.8
P/S	3.7	3.5	3.4
EV/Sales	4.1	3.8	3.6
EV/EBITDA	13.6	11.9	10.9
EV/EBIT (adj.)	16.3	14.4	13.0
Payout ratio (%)	66.8 %	57.7 %	54.8 %
Dividend yield-%	3.2 %	3.2 %	3.4 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	8.92	10.8	9.40	9.60	11.0	14.80	14.80	14.80	14.80
Number of shares, millions	82.3	82.4	82.2	82.1	82.1	82.1	82.1	82.1	82.1
Market cap	734	891	773	788	903	1215	1215	1215	1215
EV	756	1059	920	925	1029	1337	1304	1267	1227
P/E (adj.)	24.7	18.6	13.1	14.6	16.2	20.3	17.7	16.1	15.1
P/E	26.7	20.4	10.7	14.0	17.3	21.0	17.8	16.2	15.2
P/B	4.0	5.4	3.8	3.6	3.9	4.8	4.3	3.8	3.4
P/S	3.2	3.2	2.5	2.6	2.9	3.7	3.5	3.4	3.4
EV/Sales	3.3	3.8	3.0	3.0	3.3	4.1	3.8	3.6	3.4
EV/EBITDA	12.8	14.4	9.5	10.2	11.3	13.6	11.9	10.9	10.1
EV/EBIT (adj.)	16.7	17.3	12.5	12.6	13.4	16.3	14.4	13.0	11.9
Payout ratio (%)	89.9 %	66.1 %	50.0 %	65.7 %	72.3 %	66.8 %	57.7 %	54.8 %	54.5 %
Dividend yield-%	3.4 %	3.2 %	4.7 %	4.7 %	4.2 %	3.2 %	3.2 %	3.4 %	3.6 %

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
Alma Media	1219	1379	16.9	15.3	13.7	12.7	4.2	4.0	20.6	18.1	3.2	3.3	4.8
Agora SA	279	210					1.7	1.5		48.0			0.6
Future PLC	685	1002	4.3	4.3	4.0	3.9	1.2	1.2	5.0	4.6	0.6	0.6	0.6
Gannett Co Inc	676	1455	22.3	15.0	6.1	5.5	0.7	0.7		45.7			
Lagardere SA	2678	7501	12.1	11.3	6.6	6.2	0.8	0.8	9.6	8.3	3.6	3.9	3.2
Arnoldo Mondadori Editore SpA	545	817	8.8	8.6	5.2	5.1	0.9	0.9	8.4	8.3	7.2	7.9	0.8
New York Times Co	8001	7534	18.8	16.9	15.7	14.5	3.1	2.9	24.1	22.5	1.2	1.4	4.5
Promotora de Informaciones SA	511	1197	11.3	10.4	6.7	6.4	1.3	1.3		37.9			
Vocento SA	80	177	1363.6	264.6	8.4	7.2	0.5	0.5	10.7		2.7	2.7	0.5
Auto Trader Group PLC	7669	7656	17.4	16.4	16.9	15.9	11.1	10.7	24.2	22.1	1.3	1.5	11.5
Carsales.Com Ltd	7663	8339	27.8	24.6	23.0	20.5	12.7	11.4	36.8	32.3	2.2	2.5	4.4
Moneysupermarket.Com Group PLC	1162	1190	8.2	7.7	7.3	6.9	2.4	2.3	10.9	10.1	6.6	7.0	4.4
REA Group Ltd	15969	15780	34.2	29.9	29.2	25.7	16.6	15.1	49.2	42.4	1.1	1.4	14.7
Rightmove PLC	5855	5813	17.3	15.7	17.0	15.4	12.0	10.9	23.1	20.5	1.6	1.8	75.0
Scout24 SE	7500	7693	23.1	19.5	20.1	17.1	11.9	10.4	29.4	25.6	1.5	1.7	4.9
Seek Ltd	5491	6102	35.9	29.5	23.6	20.2	9.9	8.9	63.6	46.9	1.6	1.9	3.6
Stroeer SE & Co KgaA	2125	3895	12.1	10.5	6.1	5.7	1.9	1.8	12.5	10.5	5.8	6.5	4.2
Hemnet Group	1713	1752	26.2	20.5	23.6	18.9	12.1	10.0	33.9	26.2	0.9	1.2	16.7
Alma Media (Inderes)	1215	1337	16.3	14.4	13.6	11.9	4.1	3.8	20.3	17.7	3.2	3.2	4.8
Average		4219	97.7	30.6	13.7	12.2	5.8	5.3	24.1	25.3	2.7	3.0	9.6
Median		1752	17.4	15.7	13.7	12.7	2.7	2.6	23.1	22.5	1.6	1.9	4.4
Diff-% to median			-6%	-9%	-1%	-7%	49%	46%	-12%	-21%	100%	72%	9%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue	305	76.3	80.0	75.1	81.2	313	79.2	83.7	79.3	85.8	328	343	353	361
Alma Career	111	27.0	27.8	26.2	26.3	107.2	26.7	27.0	26.2	26.6	106	109.7	114	116
Alma Marketplaces	85.4	22.9	25.1	24.4	25.9	98.3	26.9	29.2	28.6	30.2	115	125	130	135
Alma News Media	109	26.4	27.1	24.5	29.0	107	25.8	27.5	24.6	29.1	107	108	109	110
EBITDA	90.6	19.1	23.3	26.0	22.6	91.0	21.0	24.5	27.3	25.6	98.4	110	116	121
Depreciation	-17.6	-4.1	-4.1	-4.5	-4.9	-17.6	-4.4	-4.6	-4.7	-4.7	-18.4	-19.3	-19.1	-18.6
EBIT (excl. NRI)	73.6	16.1	19.4	21.9	19.5	76.9	17.2	21.1	22.7	21.0	82.0	90.9	97.7	103
EBIT	73.0	15.0	19.2	21.5	17.7	73.4	16.6	19.9	22.6	20.9	80.0	90.4	97.2	102
Alma Career	45.0	10.4	11.1	11.1	10.6	43.1	9.8	11.3	11.0	10.6	42.7	45.0	48.6	50.4
Alma Marketplaces	26.4	5.4	7.1	8.7	6.7	27.8	7.0	7.4	9.6	8.4	32.4	40.9	44.0	47.3
Alma News Media	13.5	2.4	3.8	3.9	3.7	13.7	2.8	4.6	4.4	5.5	17.3	17.9	18.3	18.7
Unallocated	-12.0	-3.1	-2.8	-2.1	-3.2	-11.2	-3.0	-3.4	-2.4	-3.4	-12.2	-13.0	-13.2	-13.6
NRIs	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	-0.2	-0.2	-0.5	-0.5	-0.5
Net financial items	-5.3	-1.4	-1.7	-2.8	-1.9	-7.7	-2.3	-2.0	-2.1	-2.0	-8.3	-5.8	-4.4	-3.4
PTP	68.5	13.6	18.1	18.8	16.5	67.0	14.4	18.5	20.9	18.9	72.6	85.6	93.8	100.0
Taxes	-12.1	-2.8	-3.6	-3.7	-4.4	-14.4	-3.2	-3.2	-4.1	-4.0	-14.5	-16.9	-18.6	-19.8
Minority interest	-0.1	-0.1	0.0	-0.1	-0.1	-0.3	0.0	-0.1	-0.2	-0.1	-0.4	-0.4	-0.4	-0.4
Net earnings	56.2	10.8	14.5	15.0	12.0	52.3	11.1	15.2	16.7	14.8	57.7	68.3	74.8	79.8
EPS (adj.)	0.66	0.15	0.18	0.19	0.17	0.68	0.14	0.20	0.20	0.18	0.73	0.84	0.92	0.98
EPS (rep.)	0.68	0.13	0.18	0.18	0.15	0.64	0.14	0.18	0.20	0.18	0.70	0.83	0.91	0.97

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	-1.3 %	1.3 %	2.3 %	2.2 %	4.3 %	2.5 %	3.8 %	4.7 %	5.5 %	5.7 %	4.9 %	4.7 %	2.9 %	2.4 %
Adjusted EBIT growth-%	0.3 %	-5.2 %	0.4 %	6.7 %	16.3 %	4.5 %	6.7 %	8.8 %	3.9 %	7.8 %	6.7 %	10.8 %	7.5 %	5.3 %
EBITDA-%	29.7 %	25.0 %	29.1 %	34.6 %	27.8 %	29.1 %	26.5 %	29.2 %	34.5 %	29.8 %	30.0 %	31.9 %	32.9 %	33.5 %
Adjusted EBIT-%	24.1 %	21.1 %	24.2 %	29.1 %	24.0 %	24.6 %	21.7 %	25.1 %	28.7 %	24.5 %	25.0 %	26.5 %	27.7 %	28.5 %
Net earnings-%	18.4 %	14.2 %	18.1 %	19.9 %	14.7 %	16.7 %	14.0 %	18.1 %	21.0 %	17.2 %	17.6 %	19.9 %	21.2 %	22.1 %

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	437	445	461	460	460
Goodwill	298	309	309	309	309
Intangible assets	88	88	103	104	105
Tangible assets	41	39	39	37	36
Associated companies	4.4	5.7	5.7	5.7	5.7
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	5.9	3.6	3.6	3.6	3.6
Deferred tax assets	0.2	0.4	0.4	0.4	0.4
Current assets	90.3	81.1	71.2	74.5	92.2
Inventories	0.6	0.7	0.7	0.7	0.7
Other current assets	3.9	1.7	1.7	1.7	1.7
Receivables	33	36	36	38	39
Cash and equivalents	52	43	33	34	51
Balance sheet total	528	526	532	535	552

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	223	235	255	285	320
Share capital	45	45	45	45	45
Retained earnings	148	162	182	211	247
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	7.7	7.7	7.7	7.7	7.7
Other equity	20	18	18	18	18
Minorities	3	2	2	2	2
Non-current liabilities	216	196	166	143	125
Deferred tax liabilities	17	18	18	18	18
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	192	175	146	123	105
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	7.0	2.9	2.9	2.9	2.9
Current liabilities	89	95	111	107	107
Interest bearing debt	7	10	21	13	10
Payables	80	82	87	91	94
Other current liabilities	2.5	3	3.0	3.0	3.0
Balance sheet total	528	526	532	535	552

DCF-calculation

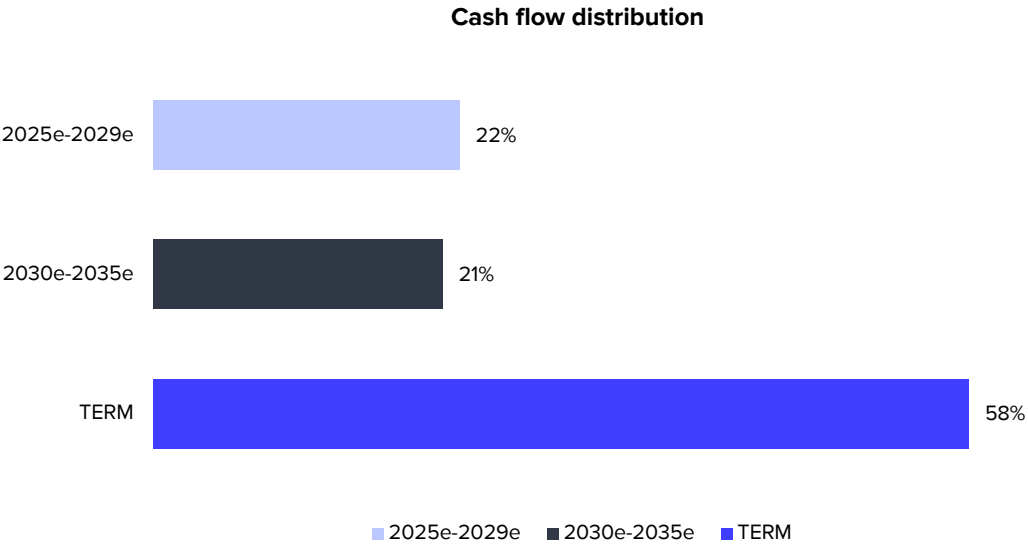
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	2.5 %	4.9 %	4.7 %	2.9 %	2.4 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %
EBIT-%	23.5 %	24.4 %	26.3 %	27.5 %	28.3 %	28.0 %	27.5 %	27.0 %	27.0 %	26.5 %	26.0 %	26.0 %	26.0 %
EBIT (operating profit)	73.4	80.0	90.4	97.2	102	104	104	105	108	108	109	112	
+ Depreciation	17.6	18.4	19.3	19.1	18.6	18.8	19.3	20.0	20.4	20.7	20.7	20.7	
- Paid taxes	-14.0	-14.5	-16.9	-18.6	-19.8	-20.2	-20.4	-20.6	-21.3	-21.5	-21.7	-22.3	
- Tax, financial expenses	-1.7	-1.7	-1.2	-0.9	-0.7	-0.6	-0.5	-0.4	-0.3	-0.2	-0.1	-0.1	
+ 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	0.0	
- Change in working capital	2.4	4.9	2.3	1.5	1.3	1.4	1.4	1.5	1.5	1.5	1.6	1.6	
Operating cash flow	77.6	87.2	93.9	98.3	102	103	104	106	108	109	109	112	
+ Change in other long-term liabilities	-4.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-24	-35	-18.5	-18.5	-19.0	-19.5	-20.3	-20.4	-20.5	-20.6	-20.7	-21.5	
Free operating cash flow	50	53	75.4	79.8	82.8	83.7	84.0	85.1	87.6	88.3	88.7	90.2	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	50	53	75.4	79.8	82.8	83.7	84.0	85.1	87.6	88.3	88.7	90.2	1785
Discounted FCFF		52	69.2	68.0	65.5	61.5	57.3	53.9	51.6	48.2	45.0	42.5	841
Sum of FCFF present value		1456	1404	1335	1267	1201	1140	1083	1029	977	929	884	841

Enterprise value DCF	1456
- Interest bearing debt	-186
+ Cash and cash equivalents	43
-Minorities	-4
-Dividend/capital return	-38
Equity value DCF	1287
Equity value DCF per share	15.7

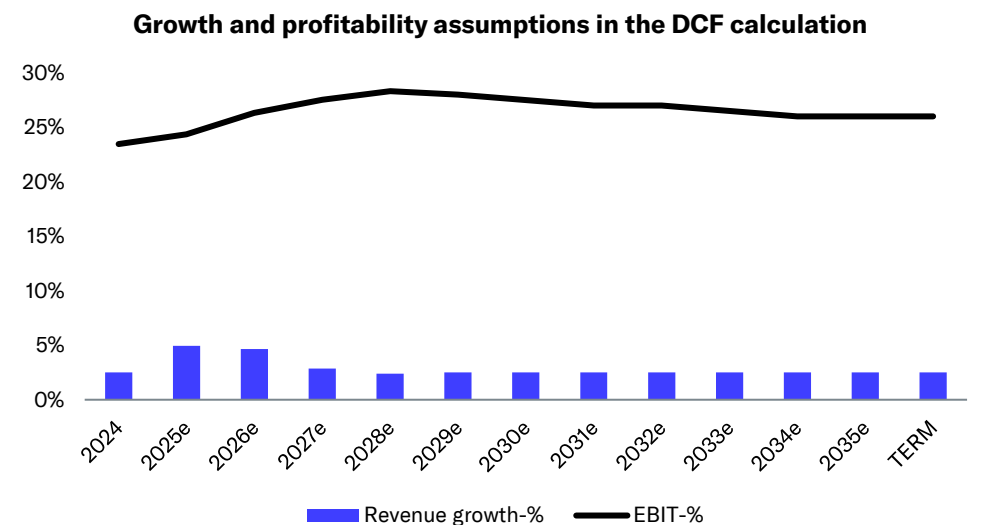
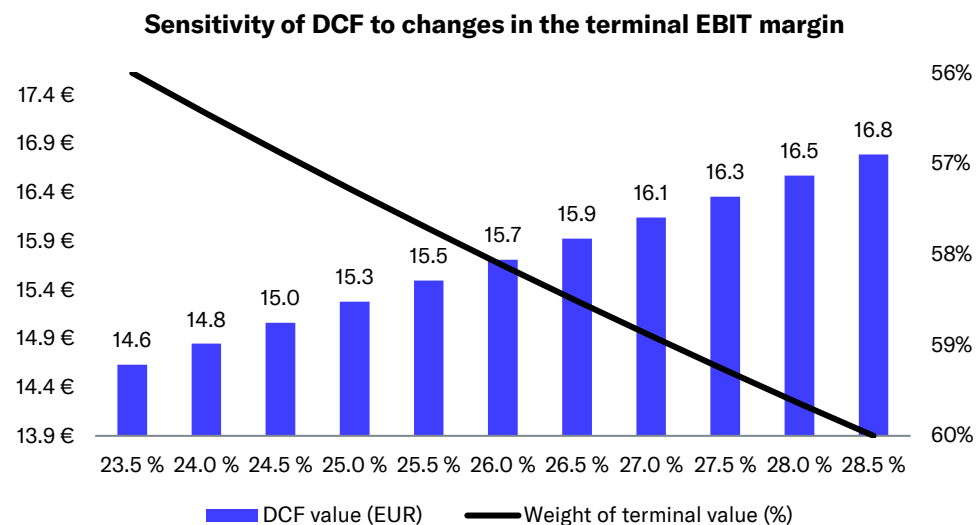
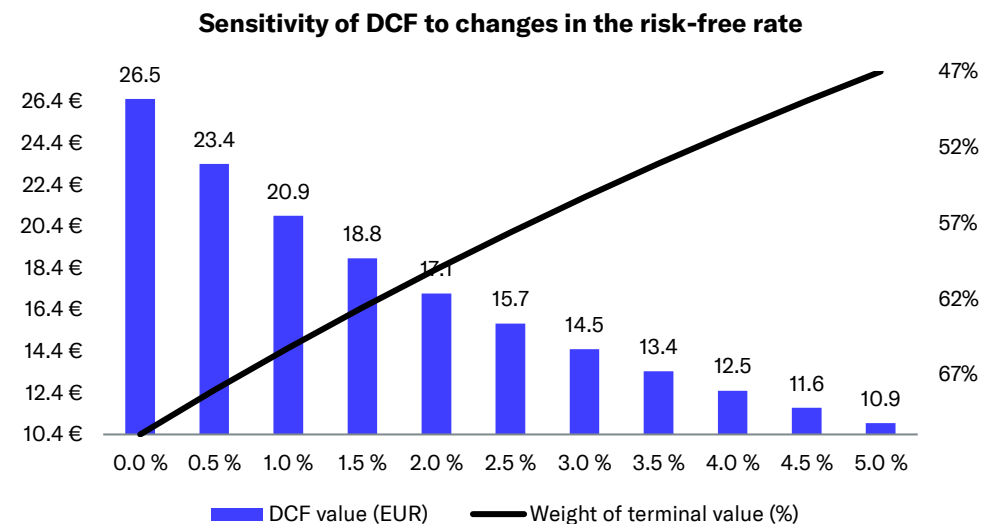
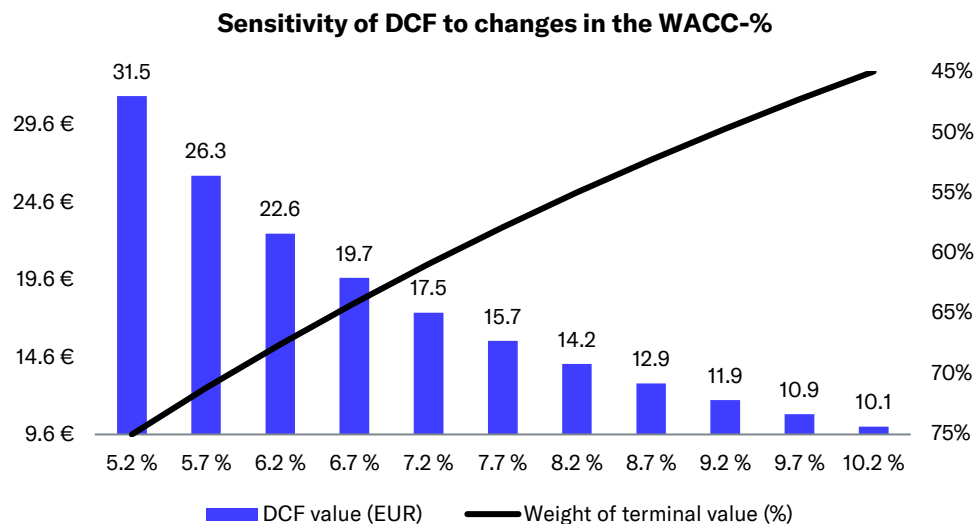
WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.5 %
Equity Beta	1.2
Market risk premium	4.75%
Liquidity premium	0.50%
Risk free interest rate	2.5 %
Cost of equity	8.7 %
Weighted average cost of capital (WACC)	7.7 %

Source: Inderes



DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. NB! The terminal value weight (%) is presented on a reverse scale for clarity.

Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	309	305	313	328	343	EPS (reported)	0.88	0.68	0.64	0.70	0.83
EBITDA	97.2	90.6	91.0	98.4	109.6	EPS (adj.)	0.72	0.66	0.68	0.73	0.84
EBIT	80.0	73.0	73.4	80.0	90.4	OCF / share	1.06	0.85	0.95	1.06	1.14
PTP	86.9	68.5	67.0	72.6	85.6	FCF / share	0.89	0.49	0.61	0.64	0.92
Net Income	72.4	56.2	52.3	57.7	68.3	Book value / share	2.49	2.68	2.83	3.08	3.44
Extraordinary items	6.6	-0.6	-3.5	-2.1	-0.5	Dividend / share	0.44	0.45	0.46	0.47	0.48
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	495.2	527.7	526.1	532.3	534.8	Revenue growth-%	12%	-1%	3%	5%	5%
Equity capital	205.9	222.8	234.9	254.8	284.5	EBITDA growth-%	32%	-7%	0%	8%	11%
Goodwill	294.4	298.0	309.0	309.0	309.0	EBIT (adj.) growth-%	20%	0%	4%	7%	11%
Net debt	143.7	146.5	143.2	134.4	101.6	EPS (adj.) growth-%	24%	-9%	4%	7%	15%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	31.5 %	29.7 %	29.1 %	30.0 %	31.9 %
EBITDA	97.2	90.6	91.0	98.4	109.6	EBIT (adj.)-%	23.8 %	24.1 %	24.6 %	25.0 %	26.5 %
Change in working capital	5.0	-7.9	2.4	4.9	2.3	EBIT-%	25.9 %	23.9 %	23.5 %	24.4 %	26.3 %
Operating cash flow	87.0	69.8	77.6	87.2	93.9	ROE-%	39.3 %	26.5 %	23.1 %	23.8 %	25.5 %
CAPEX	-17.5	-26.2	-23.7	-34.5	-18.5	ROI-%	20.6 %	18.4 %	17.7 %	19.2 %	21.7 %
Free cash flow	73.1	40.4	49.8	52.7	75.4	Equity ratio	45.8 %	46.3 %	48.6 %	52.1 %	58.0 %
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	69.8 %	65.8 %	61.0 %	52.7 %	35.7 %
EV/S	3.0	3.0	3.3	4.1	3.8						
EV/EBITDA	9.5	10.2	11.3	13.6	11.9						
EV/EBIT (adj.)	12.5	12.6	13.4	16.3	14.4						
P/E (adj.)	13.1	14.6	16.2	20.3	17.7						
P/B	3.8	3.6	3.9	4.8	4.3						
Dividend-%	4.7 %	4.7 %	4.2 %	3.2 %	3.2 %						

Source: Inderes

The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years. Per-share figures are calculated using the number of shares at year-end.

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
2/16/2020	Reduce	8.80 €	8.70 €
3/12/2020	Reduce	6.80 €	6.54 €
3/26/2020	Reduce	6.50 €	6.50 €
6/12/2020	Accumulate	8.00 €	7.10 €
7/20/2020	Accumulate	8.00 €	7.06 €
10/23/2020	Accumulate	8.50 €	7.84 €
1/13/2021	Reduce	9.50 €	9.54 €
2/18/2021	Reduce	9.00 €	9.14 €
3/8/2021	Accumulate	10.00 €	9.50 €
4/13/2021	Accumulate	10.00 €	9.22 €
4/22/2021	Accumulate	11.00 €	10.46 €
5/28/2021	Accumulate	10.50 €	9.80 €
7/19/2021	Accumulate	12.50 €	11.80 €
7/22/2021	Reduce	12.00 €	11.60 €
9/17/2021	Reduce	11.50 €	10.90 €
10/22/2021	Reduce	12.00 €	12.48 €
2/17/2022	Accumulate	11.00 €	10.00 €
3/14/2022	Reduce	11.00 €	10.60 €
4/25/2022	Accumulate	11.00 €	9.58 €
6/13/2022	Reduce	11.00 €	10.50 €
7/21/2022	Reduce	11.00 €	10.30 €
10/21/2022	Accumulate	10.50 €	9.10 €
2/17/2023	Accumulate	10.50 €	9.63 €
4/24/2023	Accumulate	10.50 €	9.04 €
6/10/2023	Accumulate	10.00 €	8.92 €
7/20/2023	Accumulate	10.00 €	9.14 €
10/19/2023	Accumulate	10.00 €	8.62 €
2/19/2024	Accumulate	10.50 €	9.92 €
4/11/2024	Accumulate	10.50 €	9.44 €
4/22/2024	Accumulate	10.50 €	9.40 €
6/10/2024	Reduce	10.50 €	10.05 €
7/19/2024	Reduce	11.00 €	11.00 €
10/21/2024	Reduce	11.00 €	11.20 €
2/6/2025	Accumulate	13.00 €	12.00 €
4/28/2025	Accumulate	13.00 €	11.75 €
7/18/2025	Accumulate	13.90 €	12.90 €
10/15/2025	Reduce	15.50 €	15.30 €
11/3/2025	Reduce	15.50 €	14.80 €



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