

# HKFOODS

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## INDERES CORPORATE CUSTOMER COMPANY REPORT



# Value boosted by earnings growth and leverage

The earnings improvement streak of recent years continued in Q4, with earnings and cash flow exceeding our estimates. We believe the company is well-positioned to continue improving its earnings this year. In addition, the company will consider options for refinancing its current expensive bond, which will likely significantly reduce financing costs starting next year. Despite the recent increase in the share price, we still consider the valuation to be quite favorable. We lower the recommendation to Accumulate (was Buy) and raise our target price to EUR 2.0 (was EUR 1.8).

## Q4 was better than expected in terms of earnings and cash flow

Revenue grew moderately by 1% in Q4, but the sales structure improved. Sales in the profitable retail and foodservice channels grew by an estimated total of around 5%, while low-margin industrial sales decreased as planned (estimated at around -12%). Q4 adjusted EBIT was 11.2 MEUR, an 8% y/y improvement, while we expected the result to be in line with the successful comparison period. The rising price of beef continued to weigh on profitability, as sales price increases only partially covered cost inflation. Cash flow was stronger than we expected, which resulted in net debt being lower than our forecast at the end of the year at 142 MEUR (2.2x EBITDA). The proposed dividend was higher than our expectations, as in addition to the basic dividend of EUR 0.08, the Board proposes the possibility of an additional distribution of EUR 0.07 later.

## Good chance to improve earnings in 2026

As expected, HKFoods issued upward guidance for 2026, according to which adjusted EBIT is expected to grow from 2025 (34.1 MEUR). The past year, 2025, included various operating environment challenges, such as labor union strikes in the spring, a rapid increase in beef prices, and pork export tariffs to China for a few months in the fall. In addition, the demand environment in the early part of the year was quite weak, after which demand

began to recover during the latter part of the year. We estimate that HKFoods is well-positioned to increase its earnings this year as the aforementioned challenges mostly ease (beef prices may still rise) and as the company continues its efforts to strengthen efficiency and commercial performance. We raised our 2026-27 EBIT estimates by 5%, supported by a strong Q4 report and favorable market demand development. We did not include an additional dividend in our estimates, but we consider its realization rather likely if favorable earnings development materializes.

## The status of a defensive dividend company is getting closer

We see HKFoods as having the potential to be a defensive dividend company, whose long-term value creation is, however, limited due to the industry's moderate growth prospects and capital intensity. The company's balance sheet has strengthened, and its risk profile has decreased in recent years. Financing costs are still high and have significant room to decrease with the refinancing of the 90 MEUR bond (estimated around the turn of 2026-27) and the repayment of the 20 MEUR hybrid loan (estimated in 2028). However, higher dividends than the result may increase uncertainty regarding the repayment of the hybrid loan.

The valuation is favorable in light of this year's earnings outlook (adj. EV/EBIT 2026e: 9x). As financing costs decline, P/E-based multiples will fall in the coming years. With a fair P/E ratio of 10x applied to 2027, the stock offers an annual expected return of slightly over 10%. We see our current estimates as relatively low-risk, and in a positive scenario, earnings growth could continue to be stronger than our forecasts, which would have a significant leverage effect on the share price. Profitability rising to the level of competitors would imply a strong upside potential, although we see this as highly unlikely to materialize, and it would at least require larger industrial investments than at present, which would impact cash flow negatively in the short term.

## Recommendation

**Accumulate**

(was Buy)

## Business risk



## Target price:

**EUR 2.00**

(was EUR 1.80)

## Share price:

EUR 1.78

## Valuation risk



	2025	2026e	2027e	2028e
<b>Revenue</b>	996.4	1021.3	1041.7	1062.6
<b>growth-%</b>	-1%	2%	2%	2%
<b>EBIT adj.</b>	34.0	37.1	38.1	38.9
<b>EBIT-% adj.</b>	3.4 %	3.6 %	3.7 %	3.7 %
<b>Net Income</b>	10.4	14.8	19.5	21.1
<b>EPS (adj.)</b>	0.09	0.15	0.20	0.22
<b>P/E (adj.)</b>	16.6	12.3	9.0	8.1
<b>P/B</b>	0.9	1.0	1.0	0.9
<b>Dividend yield-%</b>	5.4 %	5.1 %	6.2 %	6.7 %
<b>EV/EBIT (adj.)</b>	8.9	9.0	8.6	8.3
<b>EV/EBITDA</b>	4.9	4.9	4.7	4.6
<b>EV/S</b>	0.3	0.3	0.3	0.3

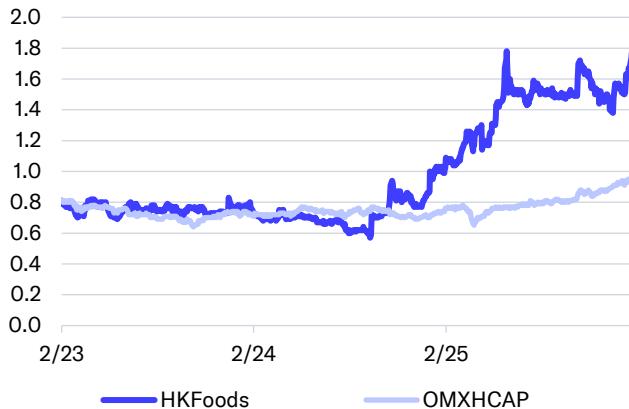
Source: Inderes

## Guidance

(New guidance)

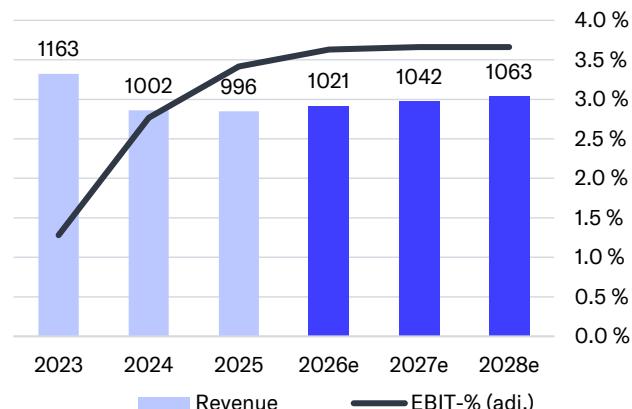
The comparable EBIT for 2026 is estimated to grow from 2025 (34.1 MEUR).

## Share price



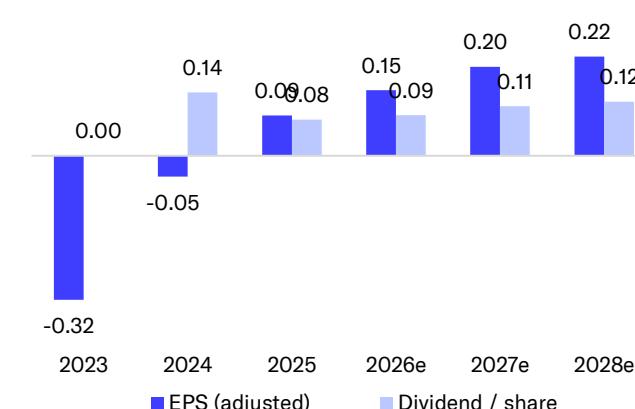
Source: Millistream Market Data AB

## Revenue and EBIT-% (adj.)



Source: Inderes

## EPS and dividend



Source: Inderes

## Value drivers

- Strong commercial position in Finland through scale and well-known brands
- Investments in poultry and other growing segments such as ready meals
- Focus on Finland has allowed concentration of investments and strengthening of industrial efficiency
- As the balance sheet strengthens, there is an opportunity to significantly lower financing costs

## Risk factors

- Long-term decline in red meat consumption
- Fierce competition in the food sector and strong bargaining power of retailers limit profitability
- Changes in consumer demand and cost environment may affect profitability
- Animal diseases may impact export licenses
- The balance sheet is not yet fully stable, partly due to the hybrid loan

Valuation	2026e	2027e	2028e
Share price	1.78	1.78	1.78
Number of shares, millions	89.9	89.9	89.9
Market cap	160	160	160
EV	333	328	323
P/E (adj.)	12.3	9.0	8.1
P/E	12.3	9.0	8.1
P/B	1.0	1.0	0.9
P/S	0.2	0.2	0.2
EV/Sales	0.3	0.3	0.3
EV/EBITDA	4.9	4.7	4.6
EV/EBIT (adj.)	9.0	8.6	8.3
Payout ratio (%)	63.8 %	45.6 %	51.1 %
Dividend yield-%	5.1 %	6.2 %	6.7 %

Source: Inderes

# Q4'25: Good earnings development continued

## Moderate growth, sales structure improved

Q4 revenue grew by 1.2% year-on-year to 270 MEUR, which was 1% below our estimate. The company reports that sales developed positively in retail and foodservice and decreased as planned in industrial sales, improving the sales structure. Based on the information provided by the company, we estimate that revenue growth was 3% in retail, 7% in foodservice, and -12% in industrial sales, although there is a fairly significant margin of error in this calculation. HKFoods reported that it had strengthened its market share in Foodservice, particularly in poultry products. We believe this may be partly related to the recently launched new ready-to-eat product line in Eura.

## Profitability slightly stronger than expected

Adjusted EBIT was 11.2 MEUR, increasing 8% y/y. Earnings also exceeded our estimate by 7%. Earnings grew as a result of an improved sales mix and the efficiency

measures implemented by the company. The increase in beef prices partly weakened profitability, as the increase in sales prices only partially covered the rise in costs. We estimate this is due to continued beef price pressure during Q4, which is typically passed on to sales prices with a delay.

Net profit from continuing operations strengthened to 4.0 MEUR (Q4'24: -2.7 MEUR) but missed our EUR 5.1 million forecast. In addition to the operational result, net profit was supported by a decrease in financial expenses and taxes. On the other hand, the earnings share from joint ventures and associates fell short of our estimate.

## Good cash flow and a higher-than-expected dividend proposal

The company's net debt at the end of the period was 142 MEUR, which is lower than our estimate (153 MEUR), indicating stronger-than-expected cash flow during Q4.

The company's Board of Directors proposes a basic dividend of EUR 0.08 to be paid for 2025, in addition to a potential additional profit-sharing of EUR 0.07, which the Board could decide on until the beginning of the next Annual General Meeting. The basic dividend was EUR 0.01 above our estimate, and we had not estimated any additional dividend. In our view, HKFoods has room for an additional dividend payment in the short term, but at the same time, an additional dividend could hinder the company's efforts to reduce financing costs. Especially, the redemption of the hybrid loan in 2028 would necessitate that the company has sufficient buffers on its balance sheet.

Estimates MEUR / EUR	Q4'24 Comparison	Q4'25 Actualized	Q4'25e Inderes	Difference (%) Act. vs. Inderes	2025 Actualized
<b>Revenue</b>	267	270	273	-1%	996
<b>EBITDA</b>	16.9	18.5	18.0	3%	62.5
<b>EBIT (adj.)</b>	10.3	11.2	10.4	7%	34.1
<b>EBIT</b>	6.5	11.2	10.4	7%	32.9
<b>EPS (adj.)</b>	-0.02	0.02	0.04	-45%	0.08
<b>DPS</b>	0.14	0.15	0.07	114%	0.15
<b>Revenue growth-%</b>	6.9 %	1.2 %	2.1 %	-1 pp	2.1 %
<b>EBIT-% (adj.)</b>	3.9 %	4.1 %	3.8 %	0.3 pp	3.4 %

Lähde: Inderes

# We raised our estimates for the coming years a bit

## Earnings growth is expected to continue

- HKFoods issued an upward guidance for 2026: adjusted EBIT is expected to grow from 2025 (34.1 MEUR).
- We see continued earnings growth as likely, partly influenced by the challenges in the 2025 operating environment. The year 2025 was burdened by, e.g., labor union strikes, a rapid increase in beef prices, temporary export tariffs on pork to China, and weak demand in the early part of the year. Demand recovered towards the end of the year, and most operational challenges are expected to ease in 2026 (with an ongoing upside risk for beef prices).
- We estimate that the earnings level will also be supported by efficiency improvements and strengthened commercial performance, backed by growth investments made in recent years.
- We raised our 2026-2027 EBIT estimates by 5% supported by a strong Q4 report and favorable market development.
- We did not include an extra dividend in our estimates, but we consider its realization possible if the earnings trend continues its upward trajectory.

Estimate revisions MEUR / EUR	2025 Inderes	2025e Actualized	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
<b>Revenue</b>	999	996	0%	1024	1021	0%	1045	1042	0%
<b>EBITDA</b>	61.9	62.4	1%	66.0	67.6	2%	67.5	69.2	2%
<b>EBIT (exc. NRIs)</b>	33.3	34.0	2%	35.3	37.1	5%	36.4	38.1	5%
<b>EBIT</b>	32.2	32.9	2%	35.3	37.1	5%	36.4	38.1	5%
<b>PTP</b>	19.2	18.7	-2%	23.6	24.6	4%	28.1	29.3	5%
<b>EPS (excl. NRIs)</b>	0.11	0.09	-15%	0.14	0.15	2%	0.19	0.20	4%
<b>DPS</b>	0.07	0.08	14%	0.09	0.09	0%	0.11	0.11	0%

Source: Inderes

# Strengthening profitability continues to drive valuation

## Investment profile: Becoming a defensive dividend company

HKFoods' businesses have long-term potential for defensive and dividend-paying business, albeit with a moderate return on capital. The reduction in red meat consumption is slow, and the consumption of poultry and more processed foods is increasing, so in the long term, we assume market growth will be close to general GDP growth. The meat and food industries in general are competitive and capital-intensive industries where it is difficult to achieve a sustainable ROCE above the required return. On the other hand, in the short term, we see HKFoods as a turnaround company and the materialization of the earnings potential could support the share price development.

## Potentially strong upside in strengthening profitability

HKFoods' long-sought earnings turnaround has, in our view, now materialized sustainably. The strengthening of the balance sheet and the concentration of investments in Finland have enabled the development of industrial processes in a way that the company historically lacked the resources for. However, earnings growth appears to continue, and it is still difficult to estimate what level it will settle at in the medium or long term. As profitability rises to the level of domestic competitors (EBIT %: 4.7%) the stock could have a significant upside of up to 60-90% (EV/EBIT 9-10x). However, our view is more cautious, as we believe the most straightforward efficiency measures have already been implemented. In the future, earnings growth will become more capital-intensive, as is typical for the industry. Even a moderate improvement in profitability could still significantly support the share price due to the company's high balance sheet leverage.

## Balance sheet position improved, not completely risk-free

The amount of debt on the balance sheet has been reduced through divestments and the strengthening of internal cash flow. The net debt to EBITDA ratio (2.2x) at the end of 2025 is already closer to the industry average, but the balance sheet still includes 20 MEUR of recently issued hybrid bonds. As the earnings turnaround progresses, we estimate that the company can gradually reduce its indebtedness further in the coming years and redeem the hybrid bond in 2028. However, the Board's high willingness to pay dividends may partly slow down the reduction of the balance sheet risk level. In addition, sudden changes in the cost environment can significantly affect earnings from time to time, which could weaken the valuation and balance sheet risk level, as seen in the 2022 inflation shock.

## Valuation is fairly attractive, assuming moderate operational earnings growth continues

We find HK Foods' EV/EBIT (2026e: 9x) based on this year's estimates, quite attractive, and the P/E is also reasonable despite high financing costs (2026e: 12x). The P/E ratio will decrease significantly (9x and 8x) based on 2027-28 estimates due to lower financing costs. We believe the moderate earnings growth we forecast for the coming years is sufficient for a reasonably good annual return of over 10%, exceeding the required return (assuming a fair P/E valuation of 10x for 2027, considering dividends and a 1.75-year discount).

Our DCF model indicates a valuation of EUR 2.09 for the stock, supporting the view that the stock has upside. The model necessitates the earnings turnaround proving sustainable. We raised the long-term profitability assumption (EBIT: 3.0%, was 2.8%), but the assumption is still below the actualized level (ad. EBIT-% 2025: 3.4%).

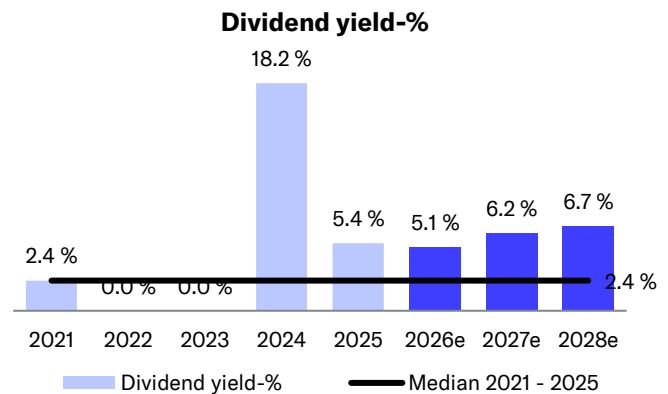
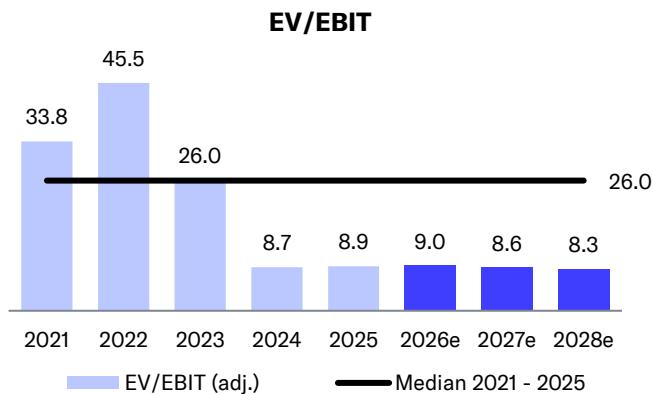
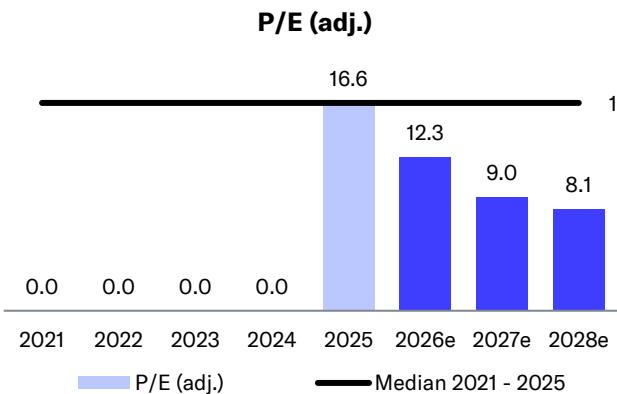
Valuation	2026e	2027e	2028e
Share price	1.78	1.78	1.78
Number of shares, millions	89.9	89.9	89.9
Market cap	160	160	160
EV	333	328	323
P/E (adj.)	12.3	9.0	8.1
P/E	12.3	9.0	8.1
P/B	1.0	1.0	0.9
P/S	0.2	0.2	0.2
EV/Sales	0.3	0.3	0.3
EV/EBITDA	4.9	4.7	4.6
EV/EBIT (adj.)	9.0	8.6	8.3
Payout ratio (%)	63.8 %	45.6 %	51.1 %
Dividend yield-%	5.1 %	6.2 %	6.7 %

Source: Inderes

# Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
<b>Share price</b>	1.66	0.87	0.89	0.77	1.48	<b>1.78</b>	<b>1.78</b>	<b>1.78</b>	<b>1.78</b>
<b>Number of shares, millions</b>	97.1	97.3	97.4	89.9	89.9	<b>89.9</b>	<b>89.9</b>	<b>89.9</b>	<b>89.9</b>
<b>Market cap</b>	161	85	87	69	133	<b>160</b>	<b>160</b>	<b>160</b>	<b>160</b>
<b>EV</b>	490	441	387	240	303	<b>333</b>	<b>328</b>	<b>323</b>	<b>314</b>
<b>P/E (adj.)</b>	neg.	neg.	neg.	neg.	16.6	<b>12.3</b>	<b>9.0</b>	<b>8.1</b>	<b>7.7</b>
<b>P/E</b>	neg.	neg.	neg.	neg.	neg.	<b>12.3</b>	<b>9.0</b>	<b>8.1</b>	<b>7.7</b>
<b>P/B</b>	0.6	0.4	0.5	0.4	0.9	<b>1.0</b>	<b>1.0</b>	<b>0.9</b>	<b>0.9</b>
<b>P/S</b>	0.1	0.0	0.1	0.1	0.1	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>
<b>EV/Sales</b>	0.3	0.2	0.3	0.2	0.3	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
<b>EV/EBITDA</b>	6.3	7.9	7.3	4.3	4.9	<b>4.9</b>	<b>4.7</b>	<b>4.6</b>	<b>4.4</b>
<b>EV/EBIT (adj.)</b>	33.8	45.5	26.0	8.7	8.9	<b>9.0</b>	<b>8.6</b>	<b>8.3</b>	<b>7.9</b>
<b>Payout ratio (%)</b>	neg.	0.0 %	0.0 %	neg.	neg.	<b>63.8 %</b>	<b>45.6 %</b>	<b>51.1 %</b>	<b>55.3 %</b>
<b>Dividend yield-%</b>	2.4 %	0.0 %	0.0 %	18.2 %	5.4 %	<b>5.1 %</b>	<b>6.2 %</b>	<b>6.7 %</b>	<b>7.3 %</b>

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 2026e	
			2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e		
Atria	488	739	10.0	9.4	5.4	5.1	0.4	0.4	10.0	9.3	4.7	5.0	1.1	
Apetit	88	87	12.4	9.7	5.4	4.8	0.5	0.5	13.7	10.7	5.4	5.4	0.7	
Raisio	439	365	12.0	11.2	9.1	8.5	1.6	1.5	17.0	16.0	5.5	5.8	1.7	
Hilton Foods	535	987	9.9	9.2	5.9	5.5	0.2	0.2	10.8	9.7	6.5	6.7	1.1	
Scandi Standard	781	972	14.8	12.9	8.9	8.3	0.7	0.7	18.6	15.6	3.0	3.6	2.8	
Cranswick	3361	3678	13.9	13.2	9.8	9.3	1.1	1.0	18.4	17.4	2.0	2.1	2.6	
Societe LDC	3351	3290	9.1	8.2	5.5	4.9	0.5	0.4	12.0	11.0	1.8	1.9	1.3	
Bell Foods	1495	2511	14.0	13.8	6.2	6.1	0.5	0.5	11.4	9.8	3.2	3.2	0.8	
Orior	78	267	17.7	16.4	6.2	6.0	0.4	0.4	11.7	9.7			1.8	
Prima Meat Packers	800	912			7.5	7.1	0.3	0.3	15.9	16.4	2.8	2.8	1.2	
NH Foods	3809	4755			8.7	8.5	0.6	0.6	19.2	16.4	2.3	2.4	1.3	
<b>HKFoods (Inderes)</b>	<b>160</b>	<b>333</b>	<b>9.0</b>	<b>8.6</b>	<b>4.9</b>	<b>4.7</b>	<b>0.3</b>	<b>0.3</b>	<b>12.3</b>	<b>9.0</b>	<b>5.1</b>	<b>6.2</b>	<b>1.0</b>	
<b>Average</b>			<b>12.6</b>	<b>11.6</b>	<b>7.1</b>	<b>6.7</b>	<b>0.6</b>	<b>0.6</b>	<b>14.4</b>	<b>12.9</b>	<b>3.7</b>	<b>3.9</b>	<b>1.5</b>	
<b>Median</b>					<b>12.4</b>	<b>11.2</b>	<b>6.2</b>	<b>6.1</b>	<b>0.5</b>	<b>0.5</b>	<b>13.7</b>	<b>11.0</b>	<b>3.1</b>	<b>3.4</b>
<b>Diff-% to median</b>					<b>-28%</b>	<b>-23%</b>	<b>-20%</b>	<b>-22%</b>	<b>-29%</b>	<b>-30%</b>	<b>-10%</b>	<b>-18%</b>	<b>61%</b>	<b>81%</b>
														<b>-18%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2023	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
<b>Revenue</b>	<b>1163</b>	<b>1002</b>	<b>234</b>	<b>246</b>	<b>247</b>	<b>270</b>	<b>996</b>	<b>240</b>	<b>254</b>	<b>252</b>	<b>275</b>	<b>1021</b>	<b>1042</b>	<b>1063</b>	<b>1084</b>
Finland	933	1002	234	246	247	270	996	240	254	252	275	1021	1042	1063	1084
<b>EBITDA</b>	<b>52.8</b>	<b>56.3</b>	<b>12.1</b>	<b>13.3</b>	<b>18.5</b>	<b>18.5</b>	<b>62.4</b>	<b>13.2</b>	<b>15.6</b>	<b>19.7</b>	<b>19.1</b>	<b>67.6</b>	<b>69.2</b>	<b>70.7</b>	<b>72.1</b>
Depreciation	-35.3	-33.9	-7.4	-7.1	-7.6	-7.4	-29.5	-7.6	-7.6	-7.7	-7.7	-30.6	-31.1	-31.8	-32.4
<b>EBIT (excl. NRI)</b>	<b>14.9</b>	<b>27.7</b>	<b>4.6</b>	<b>6.5</b>	<b>11.8</b>	<b>11.2</b>	<b>34.0</b>	<b>5.6</b>	<b>8.0</b>	<b>12.0</b>	<b>11.5</b>	<b>37.1</b>	<b>38.1</b>	<b>38.9</b>	<b>39.7</b>
<b>EBIT</b>	<b>17.5</b>	<b>22.4</b>	<b>4.6</b>	<b>6.2</b>	<b>10.9</b>	<b>11.2</b>	<b>32.9</b>	<b>5.6</b>	<b>8.0</b>	<b>12.0</b>	<b>11.5</b>	<b>37.1</b>	<b>38.1</b>	<b>38.9</b>	<b>39.7</b>
Share of profits in assoc. compan.	1.3	1.2	0.5	0.3	0.6	-0.7	0.7	0.2	0.2	0.3	0.2	0.9	1.2	1.2	1.2
Net financial items	-27.7	-19.5	-3.9	-3.7	-3.5	-3.7	-14.9	-3.5	-3.4	-3.3	-3.2	-13.4	-10.0	-9.0	-10.1
<b>PTP</b>	<b>-8.9</b>	<b>4.1</b>	<b>1.2</b>	<b>2.7</b>	<b>8.1</b>	<b>6.8</b>	<b>18.7</b>	<b>2.3</b>	<b>4.8</b>	<b>9.0</b>	<b>8.5</b>	<b>24.6</b>	<b>29.3</b>	<b>31.1</b>	<b>30.8</b>
Taxes	-6.6	-6.0	-0.3	-0.7	-0.7	-2.8	-4.5	-0.5	-1.2	-2.1	-2.2	-5.9	-5.9	-6.0	-5.9
Minority interest	-4.0	-3.4	-0.2	-1.0	-0.8	-1.7	-3.8	-1.0	-1.0	-1.0	-0.9	-3.9	-4.0	-4.0	-4.0
Lopetetut toiminnot	-61.1	-6.9	-21.7	1.3	-0.5	-3.1	-24.0	0.0	0.0	0.0	0.0	-10.8	0.0	0.0	0.0
<b>Net earnings</b>	<b>-26.4</b>	<b>-29.3</b>	<b>0.3</b>	<b>-2.6</b>	<b>-0.4</b>	<b>2.2</b>	<b>-0.4</b>	<b>0.8</b>	<b>2.7</b>	<b>5.9</b>	<b>5.4</b>	<b>14.8</b>	<b>19.5</b>	<b>21.1</b>	<b>20.8</b>
Hybridilainan korot	-2.1	-2.1	-1.0	-1.0	-1.0	-1.0	-4.2	-1.0	-1.0	-1.0	-0.4	-3.5	-1.8	-1.8	-1.3
<b>EPS (rep.)</b>	<b>-0.29</b>	<b>-0.32</b>	<b>0.00</b>	<b>-0.03</b>	<b>0.00</b>	<b>0.02</b>	<b>-0.05</b>	<b>0.00</b>	<b>0.02</b>	<b>0.05</b>	<b>0.06</b>	<b>0.13</b>	<b>0.20</b>	<b>0.22</b>	<b>0.22</b>

Key figures	2023	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
<b>Revenue growth-%</b>	-36.6 %	-13.9 %	2.2 %	-3.5 %	-1.8 %	1.1 %	-0.5 %	2.5 %	3.5 %	2.0 %	2.0 %	2.5 %	2.0 %	2.0 %	2.0 %
<b>Adjusted EBIT growth-%</b>		86.0 %	230.7 %	46.7 %	1.0 %	8.8 %	22.8 %	21.6 %	23.6 %	1.6 %	2.9 %	9.0 %	2.8 %	2.0 %	2.0 %
<b>EBITDA-%</b>	4.5 %	5.6 %	5.2 %	5.4 %	7.5 %	6.9 %	6.3 %	5.5 %	6.1 %	7.8 %	6.9 %	6.6 %	6.6 %	6.7 %	6.6 %
<b>Adjusted EBIT-%</b>	1.3 %	2.8 %	2.0 %	2.6 %	4.8 %	4.1 %	3.4 %	2.4 %	3.2 %	4.7 %	4.2 %	3.6 %	3.7 %	3.7 %	3.7 %

# Balance sheet

<b>Assets</b>	<b>2024</b>	<b>2025</b>	<b>2026e</b>	<b>2027e</b>	<b>2028e</b>
<b>Non-current assets</b>	<b>351</b>	<b>340</b>	<b>344</b>	<b>349</b>	<b>351</b>
Goodwill	27.8	27.8	27.8	27.8	27.8
Intangible assets	16.2	15.6	15.6	15.6	15.6
Tangible assets	252	252	256	260	263
Associated companies	21.8	22.3	22.3	22.3	22.3
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	12.4	3.9	3.9	3.9	3.9
Deferred tax assets	21.2	18.9	18.9	18.9	18.9
<b>Current assets</b>	<b>177</b>	<b>172</b>	<b>178</b>	<b>182</b>	<b>186</b>
Inventories	59.6	63.1	65.7	68.1	69.9
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	80.3	58.1	59.6	60.7	62.0
Cash and equivalents	36.7	51.1	52.4	53.4	54.5
<b>Balance sheet total</b>	<b>528</b>	<b>513</b>	<b>522</b>	<b>531</b>	<b>538</b>

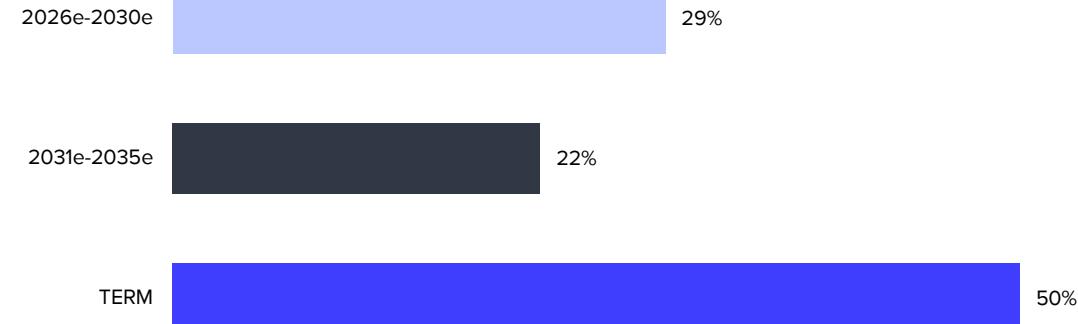
Source: Inderes

<b>Liabilities &amp; equity</b>	<b>2024</b>	<b>2025</b>	<b>2026e</b>	<b>2027e</b>	<b>2028e</b>
<b>Equity</b>	<b>215</b>	<b>194</b>	<b>200</b>	<b>209</b>	<b>199</b>
Share capital	0.0	0.0	0.0	0.0	0.0
Retained earnings	-30.4	-46.9	-41.0	-31.4	-21.5
Hybrid bonds	25.9	20.0	20.0	20.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	193	194	194	194	194
Minorities	26.9	26.9	26.9	26.9	26.9
<b>Non-current liabilities</b>	<b>178</b>	<b>173</b>	<b>180</b>	<b>177</b>	<b>190</b>
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	172	168	175	172	185
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	5.4	5.0	5.0	5.0	5.0
<b>Current liabilities</b>	<b>134</b>	<b>146</b>	<b>143</b>	<b>145</b>	<b>149</b>
Interest bearing debt	14.0	25.5	19.4	19.1	20.5
Payables	120	120	123	126	128
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>528</b>	<b>513</b>	<b>522</b>	<b>531</b>	<b>538</b>

# DCF-calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	-0.5 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	3.3 %	3.6 %	3.7 %	3.7 %	3.7 %	3.7 %	3.7 %	3.7 %	3.7 %	3.0 %	3.0 %	3.0 %
<b>EBIT (operating profit)</b>	<b>32.9</b>	<b>37.1</b>	<b>38.1</b>	<b>38.9</b>	<b>39.7</b>	<b>40.5</b>	<b>41.3</b>	<b>42.1</b>	<b>43.0</b>	<b>35.9</b>	<b>36.6</b>	
+ Depreciation	29.5	30.6	31.1	31.8	32.4	32.9	33.5	34.0	34.5	35.0	35.3	
- Paid taxes	-2.2	-5.9	-5.9	-6.0	-5.9	-6.1	-6.7	-7.0	-7.2	-5.8	-6.0	
- Tax, financial expenses	-3.7	-3.4	-2.1	-1.8	-2.0	-2.0	-1.5	-1.5	-1.4	-1.3	-1.3	
+ 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	18.4	-1.0	-1.1	-0.6	-0.6	-0.6	-0.1	-0.1	-0.1	-0.1	-0.1	
<b>Operating cash flow</b>	<b>74.9</b>	<b>57.3</b>	<b>60.1</b>	<b>62.3</b>	<b>63.5</b>	<b>64.7</b>	<b>66.4</b>	<b>67.6</b>	<b>68.8</b>	<b>63.6</b>	<b>64.4</b>	
+ Change in other long-term liabilities	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-20.5	-34.7	-35.2	-34.6	-35.0	-35.4	-35.8	-36.2	-36.6	-37.0	-38.1	
<b>Free operating cash flow</b>	<b>54.0</b>	<b>22.6</b>	<b>24.9</b>	<b>27.7</b>	<b>28.5</b>	<b>29.3</b>	<b>30.6</b>	<b>31.4</b>	<b>32.2</b>	<b>26.7</b>	<b>26.4</b>	
+/- Other	-10.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	43.2	22.6	24.9	27.7	28.5	29.3	30.6	31.4	32.2	26.7	26.4	406
<b>Discounted FCFF</b>	<b>21.0</b>	<b>21.3</b>	<b>21.8</b>	<b>20.7</b>	<b>19.6</b>	<b>18.8</b>	<b>17.8</b>	<b>16.8</b>	<b>12.8</b>	<b>11.7</b>	<b>180</b>	
Sum of FCFF present value	362	341	320	298	277	258	239	221	204	191	180	
<b>Enterprise value DCF</b>	<b>362</b>											
- Interest bearing debt	-213.6											
+ Cash and cash equivalents	51.1											
-Minorities	-24.9											
-Dividend/capital return	0.0											
<b>Equity value DCF</b>	<b>188.0</b>											
<b>Equity value DCF per share</b>	<b>2.09</b>											

## Cash flow distribution



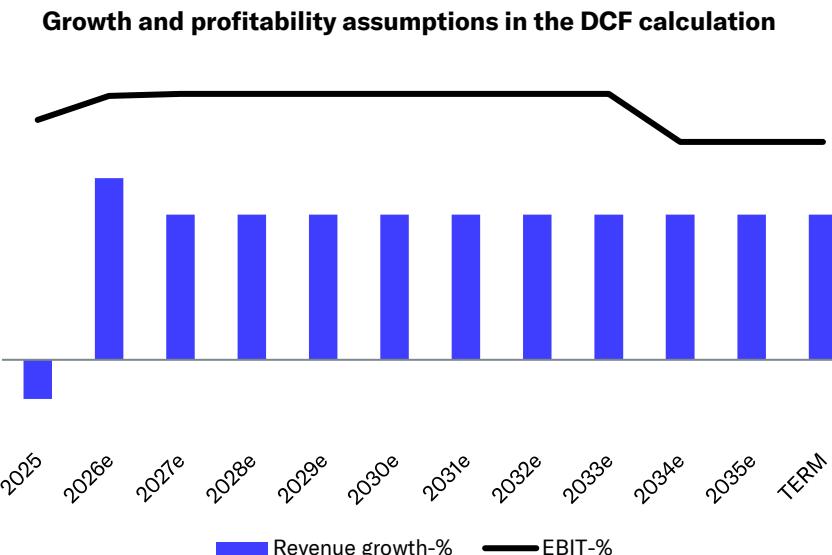
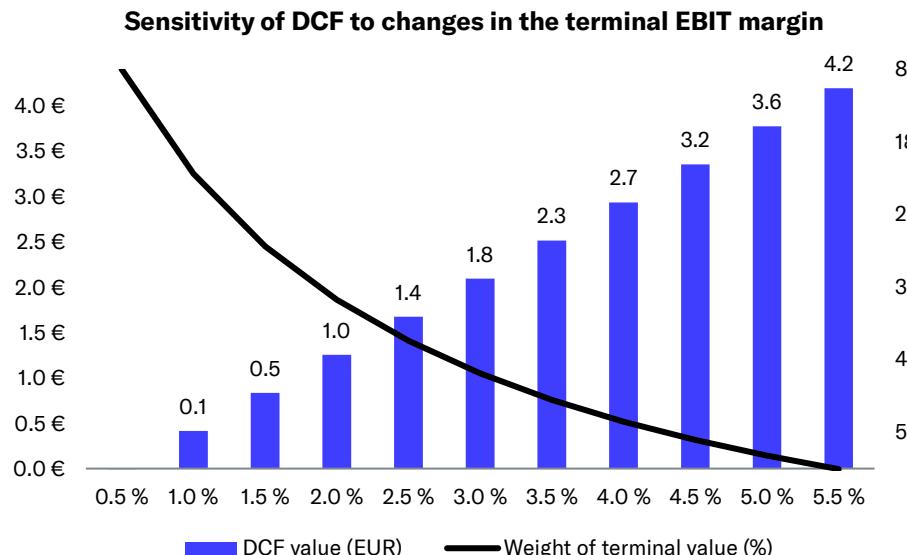
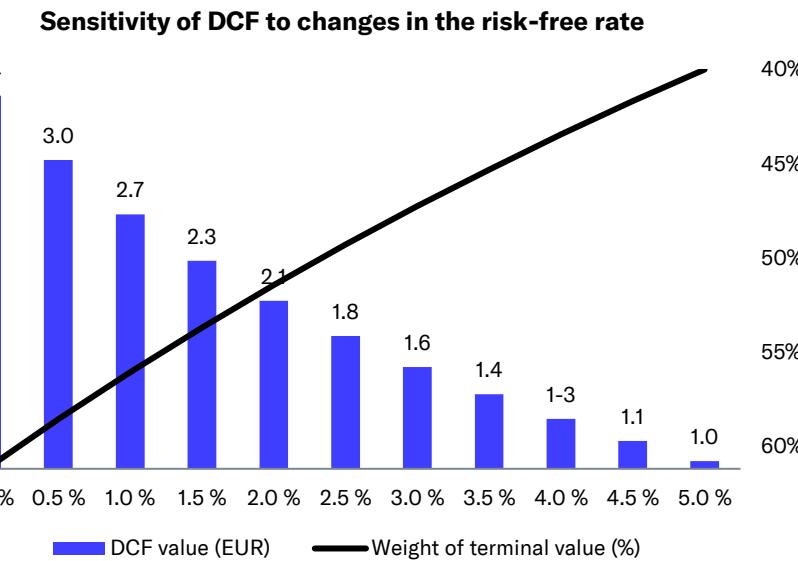
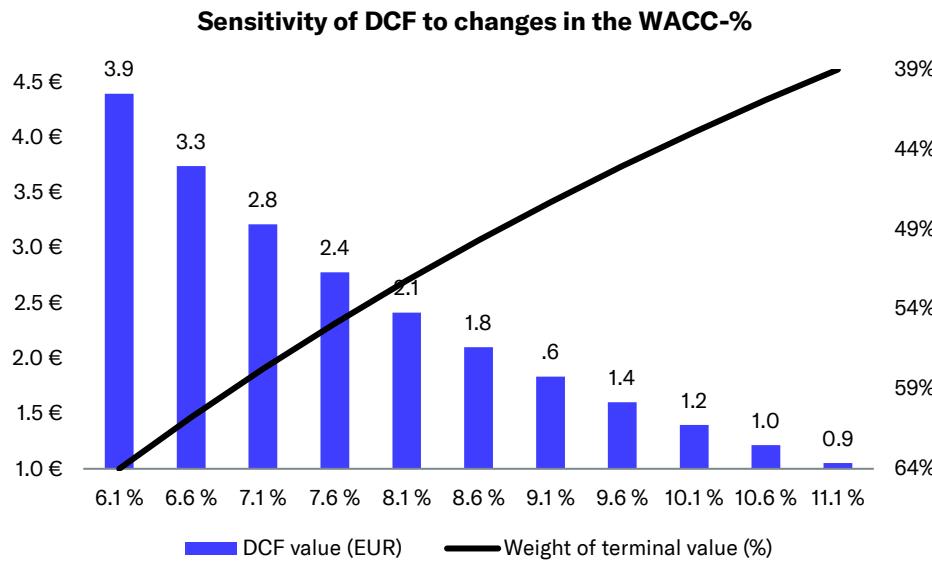
## WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	15.0 %
Cost of debt	6.0 %
Equity Beta	1.43
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>9.3 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.6 %</b>

Source: Inderes

■ 2026e-2030e ■ 2031e-2035e ■ TERM

# DCF sensitivity calculations and key assumptions in graphs



# Summary

Income statement	2023	2024	2025	2026e	2027e	Per share data	2023	2024	2025	2026e	2027e
<b>Revenue</b>	1163.2	1001.8	996.4	<b>1021.3</b>	<b>1041.7</b>	<b>EPS (reported)</b>	-0.29	-0.37	-0.04	<b>0.15</b>	<b>0.20</b>
<b>EBITDA</b>	52.8	56.3	62.4	<b>67.6</b>	<b>69.2</b>	<b>EPS (adj.)</b>	-0.32	-0.05	0.09	<b>0.15</b>	<b>0.20</b>
<b>EBIT</b>	17.5	22.4	32.9	<b>37.1</b>	<b>38.1</b>	<b>OCF / share</b>	0.74	0.46	0.83	<b>0.64</b>	<b>0.67</b>
<b>PTP</b>	-8.9	4.1	18.7	<b>24.6</b>	<b>29.3</b>	<b>FCF / share</b>	1.01	1.46	0.48	<b>0.25</b>	<b>0.28</b>
<b>Net Income</b>	-26.4	-29.3	-0.4	<b>14.8</b>	<b>19.5</b>	<b>Book value / share</b>	2.17	2.10	1.86	<b>1.92</b>	<b>2.03</b>
<b>Extraordinary items</b>	2.6	-5.3	-1.1	<b>0.0</b>	<b>0.0</b>	<b>Dividend / share</b>	0.00	0.14	0.08	<b>0.09</b>	<b>0.11</b>
Balance sheet	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
<b>Balance sheet total</b>	851.7	527.6	512.5	<b>522.0</b>	<b>530.7</b>	<b>Revenue growth-%</b>	-37%	-14%	-1%	<b>2%</b>	<b>2%</b>
<b>Equity capital</b>	238.0	215.4	193.8	<b>199.6</b>	<b>209.3</b>	<b>EBITDA growth-%</b>	-6%	7%	11%	<b>8%</b>	<b>2%</b>
<b>Goodwill</b>	27.8	27.8	27.8	<b>27.8</b>	<b>27.8</b>	<b>EBIT (adj.) growth-%</b>	54%	86%	23%	<b>9%</b>	<b>3%</b>
<b>Net debt</b>	278.2	149.7	142.5	<b>141.9</b>	<b>137.5</b>	<b>EPS (adj.) growth-%</b>	-57%	-86%	-294%	<b>63%</b>	<b>36%</b>
Cash flow	2023	2024	2025	2026e	2027e	<b>EBITDA-%</b>	4.5 %	5.6 %	6.3 %	<b>6.6 %</b>	<b>6.6 %</b>
<b>EBITDA</b>	52.8	56.3	62.4	<b>67.6</b>	<b>69.2</b>	<b>EBIT (adj.)-%</b>	1.3 %	2.8 %	3.4 %	<b>3.6 %</b>	<b>3.7 %</b>
<b>Change in working capital</b>	25.1	-8.5	18.4	<b>-1.0</b>	<b>-1.1</b>	<b>EBIT-%</b>	1.5 %	2.2 %	3.3 %	<b>3.6 %</b>	<b>3.7 %</b>
<b>Operating cash flow</b>	72.5	41.8	74.9	<b>57.3</b>	<b>60.1</b>	<b>ROE-%</b>	-11.2 %	-14.7 %	-0.2 %	<b>8.7 %</b>	<b>11.0 %</b>
<b>CAPEX</b>	-29.9	259.2	-20.5	<b>-34.7</b>	<b>-35.2</b>	<b>ROI-%</b>	3.2 %	5.0 %	8.5 %	<b>9.7 %</b>	<b>9.9 %</b>
<b>Free cash flow</b>	98.3	131.1	43.2	<b>22.6</b>	<b>24.9</b>	<b>Equity ratio</b>	27.9 %	40.8 %	37.8 %	<b>38.2 %</b>	<b>39.4 %</b>
Valuation multiples	2023	2024	2025	2026e	2027e	<b>Gearing</b>	116.9 %	69.5 %	73.5 %	<b>71.1 %</b>	<b>65.7 %</b>
<b>EV/S</b>	0.3	0.2	0.3	<b>0.3</b>	<b>0.3</b>						
<b>EV/EBITDA</b>	7.3	4.3	4.9	<b>4.9</b>	<b>4.7</b>						
<b>EV/EBIT (adj.)</b>	26.0	8.7	8.9	<b>9.0</b>	<b>8.6</b>						
<b>P/E (adj.)</b>	neg.	neg.	16.6	<b>12.3</b>	<b>9.0</b>						
<b>P/B</b>	0.5	0.4	0.9	<b>1.0</b>	<b>1.0</b>						
<b>Dividend-%</b>	0.0 %	18.2 %	5.4 %	<b>5.1 %</b>	<b>6.2 %</b>						

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.

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

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

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Date	Recommendation	Target	Share price
6/1/2024	Reduce	0.65 €	0.70 €
8/8/2024	Reduce	0.55 €	0.63 €
9/26/2024	Vähennä	0.70 €	0.72 €
11/6/2024	Vähennä	0.85 €	0.88 €
1/15/2025	Vähennä	1.00 €	1.00 €
2/17/2025	Vähennä	1.00 €	1.09 €
5/8/2025	Accumulate	1.30 €	1.17 €
6/10/2025	Reduce	1.50 €	1.78 €
8/7/2025	Accumulate	1.70 €	1.53 €
9/4/2025	Accumulate	1.70 €	1.52 €
11/5/2025	Accumulate	1.80 €	1.63 €
12/30/2025	Buy	1.80 €	1.38 €
2/16/2026	Accumulate	2.00 €	1.78 €



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