

# ELTEL

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INDERES CORPORATE CUSTOMER

# COMPANY REPORT



# The turnaround story is strengthening

*We increase our target price for Eltel to SEK 9.0 (was SEK 7.2) and our recommendation to Accumulate (was Reduce). The Q1 performance was broadly in line with our estimates in terms of revenue. However, what clearly stood out was the strong profitability, as the company delivered a positive operating result in a quarter that is typically loss-making due to seasonal effects. As such, we are seeing increased evidence of Eltel's strategy and focus on operational excellence yield notably tangible results. Cash flow was also very strong for a first quarter, supported by efficient working capital management and improved profitability. Following the report, we have revised our profitability estimates upward while leaving our revenue assumptions largely unchanged. In light of the improved earnings outlook, we think the current share price level offers a good expected return over the next 12 months on a risk-adjusted basis.*

### Q1 profitability surprised on the upside

Eltel's Q1 report showed encouraging signs of continued operational progress. While Group revenue declined by 4% year-on-year to 170 MEUR, in line with our expectations, the key positive surprise came on the profitability side. Adjusted EBITA amounted to 0.9 MEUR, a clear improvement from -4 MEUR in the comparison period and well ahead of our forecast of -2.6 MEUR. The improvement was driven by a 19% increase in gross profit (y/y) and enhanced operational efficiency across all Nordic markets, except Norway, which still faces some residual impacts from prior restructuring efforts. At a country-unit level, top-line growth was quite mixed across geographies. Sweden delivered solid year-on-year growth of 5%, which was well above our estimated -5%, primarily supported by increased activity within public infrastructure projects. Conversely, other markets such as Finland and Norway underperformed relative to our estimates (0% vs +9% & -9% vs -5%). Further down the P&L, net financial costs, taxes, and

minority interests came in slightly higher than expected. However, the stronger-than-expected profitability led to a reported EPS of EUR -0.02, above our estimated EUR -0.04.

### Estimate changes focused on the profitability

The Q1 report and management's commentary suggest no major changes to the broader outlook, with demand remaining mixed across geographies and service lines. Outside Norway, demand appears at least decent. Reflecting on the report, management commentary, and the notable improvements in both profitability and cash flow, we have raised our profitability estimates for the Group, while leaving revenue forecasts largely unchanged. At a Group level, our EBITA estimates increased by 10-21% for 2025-2027. These revisions reflect our growing confidence in Eltel's ability to sustain its profitability turnaround through continued strategic execution.

### We now see upside potential in the stock

Following our upward revisions to profitability, we believe that the overall earnings-based valuation for the current year is quite neutral (EV/EBITDA 4x, EV/EBIT 9x, P/E 14x). Adding to this, we argue that the overall earnings-based valuation for 2026 looks increasingly attractive (EV/EBITDA 4x, EV/EBIT 7x, P/E 8x) given our acceptable valuation range (EV/EBITDA 4x-7x, EV/EBIT 7x-11x, P/E 9x-13x). Despite Eltel's historically volatile earnings and ongoing profitability challenges in Norway, we think that recent profitability improvements, and further deleveraging, support a more positive view of the company's turnaround progress than we previously held. Reflecting this overall picture, we see the expected return on the share to be positive over the next 12 months and above the cost of equity we use, suggesting an attractive risk/reward at the current share price.

### Recommendation

**Accumulate**  
(prev. Reduce)

**Target price:**  
**SEK 9.00**  
(prev. SEK 7.20)

**Share price:**  
SEK 7.88

### Business risk



### Valuation risk



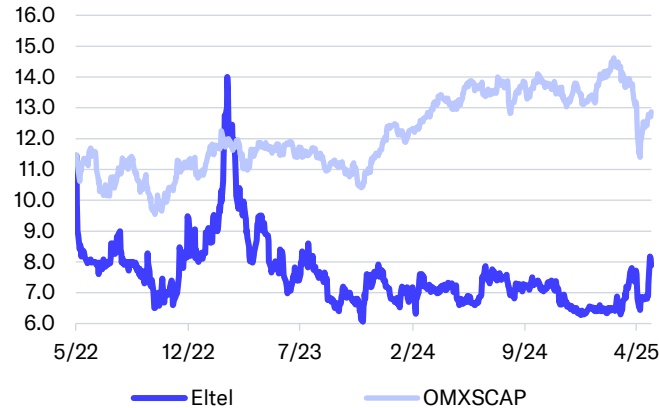
	2024	2025e	2026e	2027e
Revenue	828.7	863.0	887.9	910.9
growth-%	-3%	4%	3%	3%
EBIT adj.	10.4	26.9	30.3	33.0
EBIT-% adj.	1.3 %	3.1 %	3.4 %	3.6 %
Net Income	-29.8	9.4	15.9	18.0
EPS (adj.)	-0.03	0.05	0.09	0.11
P/E (adj.)	neg.	14.9	7.9	6.3
P/B	0.6	0.7	0.6	0.6
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	22.2	8.9	7.3	6.1
EV/EBITDA	5.3	4.2	3.6	3.2
EV/S	0.3	0.3	0.2	0.2

Source: Inderes

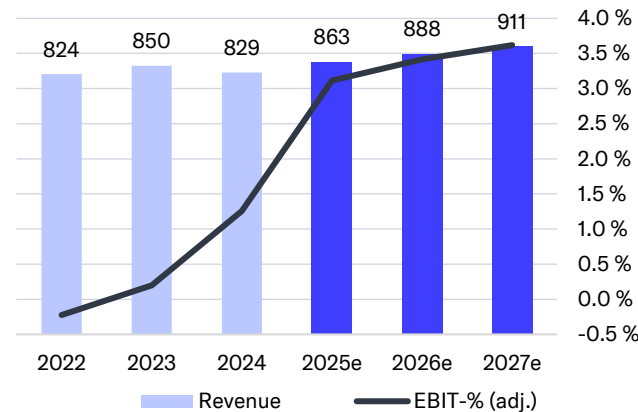
### Guidance

(No guidance)

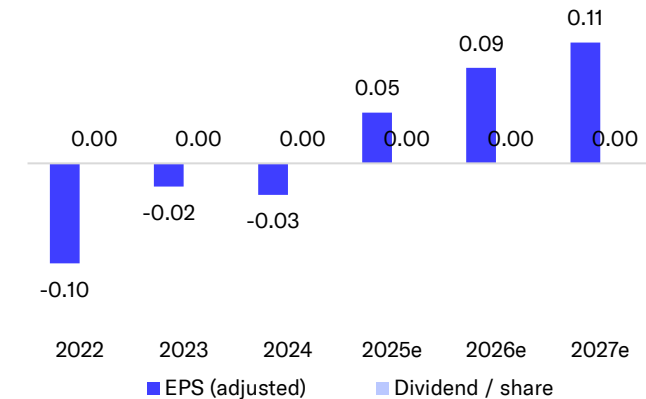
## Share price



## Revenue and EBIT-%



## EPS and dividend



## Value drivers

- Sustainable profitability improvement, which would also support the cash flow
- Long-term business growth drivers are healthy, especially in Power
- Expanding into new and adjacent markets and leveraging its geographical coverage
- Broadening the customer base

## Risk factors

- Failure of the profitability turnaround
- Pricing and project risks
- Tight competitive situation and low barriers to entry
- Dependency on investments
- Scarce labor market and, thus, difficulties to find skilled workforce
- Loss of a major customer / challenges faced by the customer themselves

Valuation	2025e	2026e	2027e
Share price (EUR)	0.72	0.72	0.72
Number of shares, millions	156.7	156.7	156.7
Market cap (MEUR)	113	113	113
EV (MEUR)	239	222	201
P/E (adj.)	14.9	7.9	6.3
P/E	16.2	7.9	6.3
P/B	0.7	0.6	0.6
P/S	0.1	0.1	0.1
EV/Sales	0.3	0.2	0.2
EV/EBITDA	4.2	3.6	3.2
EV/EBIT (adj.)	8.9	7.3	6.1
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

# Profitability was particularly strong considering seasonality

## Group revenue in line with our estimates

In Q1, the Group's revenue decreased by 4% to 170 MEUR, which was well in line with our estimates. FX changes had no material impact on the top line (-0.5 MEUR), as expected. The organic growth<sup>1</sup> was slightly positive, amounting to 1%.

At a country unit level, Sweden reported the strongest year-on-year growth in Q1 at 5%, which was clearly above our estimates (Inderes est. -5%). The growth was primarily driven by increased activity within public infrastructure projects in the Communication segment. In contrast, revenue in Finland remained flat (-0.5% y/y), well below our 9% estimate. We had anticipated a greater contribution from the solar power park order awarded by Taaleri Energia in Q1. We estimate that the impact of the order will be more visible going forward. That said, Eltel noted a general decline in demand within the FTTH business and indicated on the earnings call that peak demand likely occurred in 2024, although solid volumes are still expected in 2025.

The newly formed Denmark & Germany segment showed muted growth at 0.5% (y/y). Meanwhile, revenue in Norway declined by 9%, below our estimate of -7%, as higher volumes from a broader customer base did not fully offset reduced activity in the Communication segment. Revenue in Group Support Functions (prev. "Other business") fell by 80%, reflecting the divestment of High Voltage Poland during Q2'24.

## Strong EBITA in an otherwise weak seasonal quarter

Eltel's adjusted EBITA continued its year-on-year improvement, reaching 0.9 MEUR in Q1 (Q1'24: -4 MEUR) and significantly outperformed our forecast of -2.6 MEUR. The improvement was driven by a 19% increase in gross profit (y/y) and enhanced operational efficiency across all Nordic markets, except Norway, which still faces some residual impacts from prior restructuring efforts.

Further down the P&L, net financial costs, taxes, and minority interests came in slightly higher than expected.

However, the stronger-than-expected profitability led to a reported EPS of EUR -0.02, above our estimated EUR -0.04.

## Strong cash flows despite seasonally weak quarter

Operating cash flows (OCF) amounted to 18 MEUR (Q1'24: -5 MEUR), which was a particularly strong result given the typical seasonal weakness in Q1. This improvement was supported not only by better profitability but also by favorable working capital movements (14 MEUR), reflecting improved WC management. To better capture Eltel's cash flow performance amid quarterly volatility, we monitor LTM figures. On our estimates, LTM OCF was 50 MEUR (LTM-1: 53 MEUR). After accounting for CAPEX and lease payments, LTM free cash flow was 17 MEUR (LTM-1: 26 MEUR). Thus, we note that the company needs to be able to continue on this path in order to increase its cash flow and strengthen its liquidity situation further. At the end of Q1, net debt stood at 104 MEUR (Q1'24: 115 MEUR), resulting in a leverage ratio (net debt / adj. EBITDA) of 2.1x (excluding the hybrid bond).

Estimates	Q1'24	Q1'25	Q1'25e	Q1'25e	Consensus	Difference (%)	2025
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low High	Act. vs. Inderes	Inderes
Revenue	176	170	171			-1%	863
EBITA (adj.)	-4.0	0.9	-2.6			134%	26.9
EBIT	-27.2	0.3	-2.6			111%	26.3
PTP	-30.2	-2.1	-5.5			62%	15.8
EPS (reported)	-0.20	-0.02	-0.04			53%	0.02
Revenue growth-%	-6.4 %	-3.8 %	-3.1 %			-0.7 pp	4.1 %
EBITA-% (adj.)	-2.3 %	0.5 %	-1.5 %			2.1 pp	3.1 %

Source: Inderes

<sup>1</sup> Adjusted for divested businesses and FX-changes

## Eltel Q1'25: Navigating challenges with strategic focus





# We raise our profitability estimates following the Q1 report

## Estimate revisions

- There were no major changes in the outlook as the demand situation is currently quite mixed between countries and service areas
- We have trimmed our revenue estimates for Finland by ~2% for 25-27 following a reduction in the overall demand within the FTTH-business. In parallel, we slightly increased our revenue estimates for Sweden given the stronger-than-expected growth in Q1, driven by e.g. good momentum within public infrastructure. At a Group level, our revenue estimates decreased by 1% in 2025-2027.
- We've raised our EBITA-% estimates following the strong Q1. The company's ongoing focus on operational and commercial excellence, in combination with more favorable business mixes among country-units and the broadening of customer base, have supported a faster profitability improvement than we had anticipated. On a country-unit basis, we slightly lifted our EBITA-% estimated for all Nordic countries except Norway, which remained unchanged. On a group level, we now expect EBITA-% of 3.1-3.6% for FY25-27, from previous 2.6-3.3%.
- Our upward revisions to profitability, coupled with strong working capital management in Q1, have also led to an increase in our cash flow estimates.
- We have gone through our estimates for the next few years in more detail in our [Initiation of coverage report](#).

## Operational earnings drivers

- During Q1, Eltel signed new contracts worth 146 MEUR (Q1'24: 113 MEUR), with total order book increasing to 1.3 BNEUR (Q1'24: 1.2 BNEUR). On a trailing 12-month basis, the company has signed new contracts worth 906 MEUR in Q1, up from 554 MEUR in the comparison period. On the other hand, its committed order backlog stood at 517 MEUR at the end of Q1 (Q1'24: 592 MEUR). Despite the decline in the committed order backlog on year-on-year basis, we think that the current backlog gives a solid backbone for growth in the short term.
- We expect the easing of the worst inflationary pressures (i.e. as the order book rolls over) to support the company's profitability performance. It should still be noted, however, that it will take some time to roll out these pricing terms across the entire backlog due to the long-term nature of frame agreements.
- Clear room for profitability improvement through efficiency and utilization improvements, price increases and successful expansion into new and adjacent markets
- Increasing the share of New business in terms of total signed contracts (Q1'25: 17%, Q1'24: 6%) and Group's total revenue (Q1'25: 6%, Q1'24: 2%) due to their better margin profile

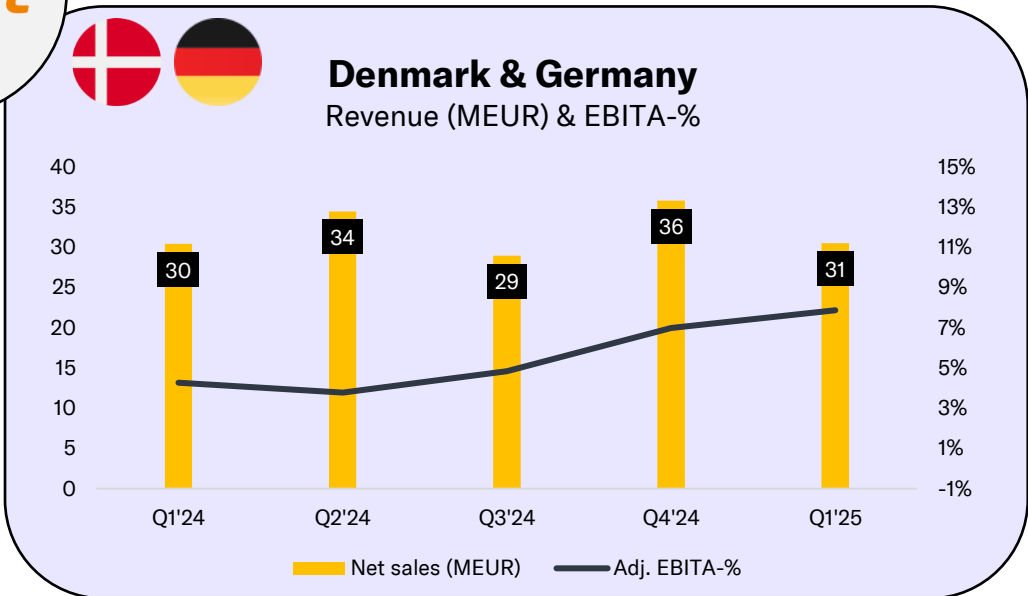
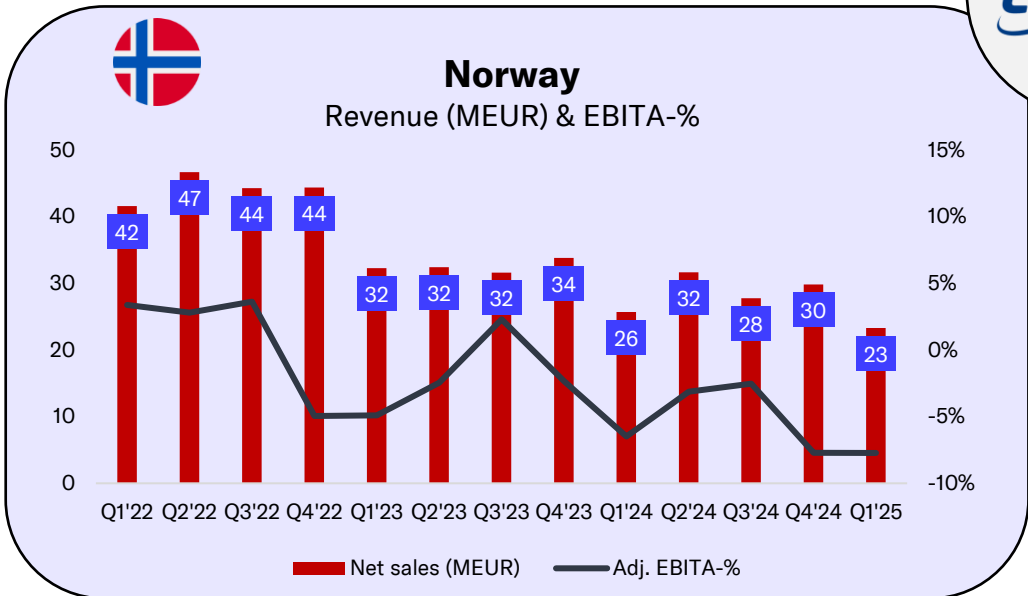
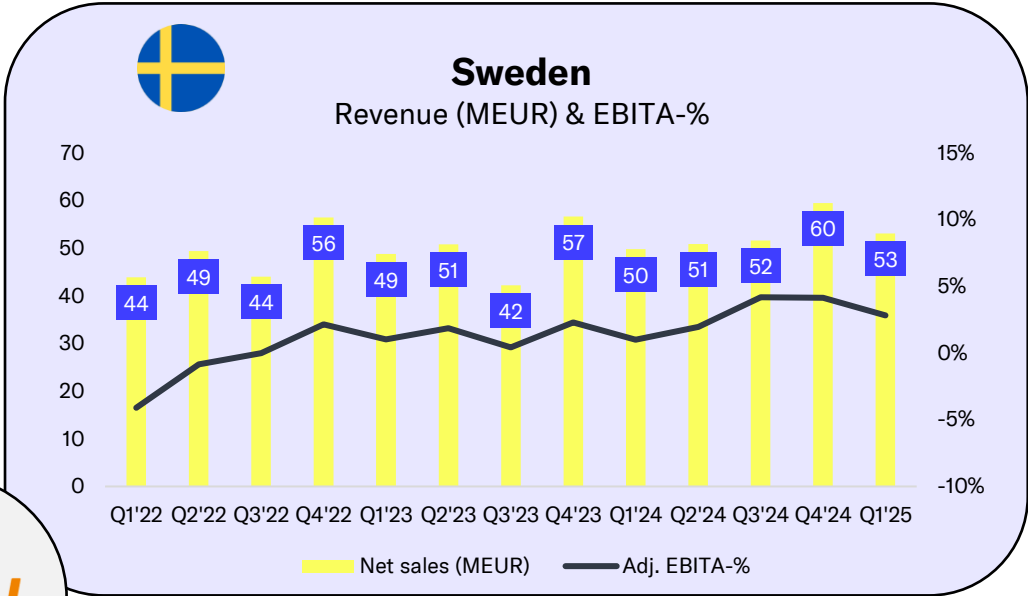
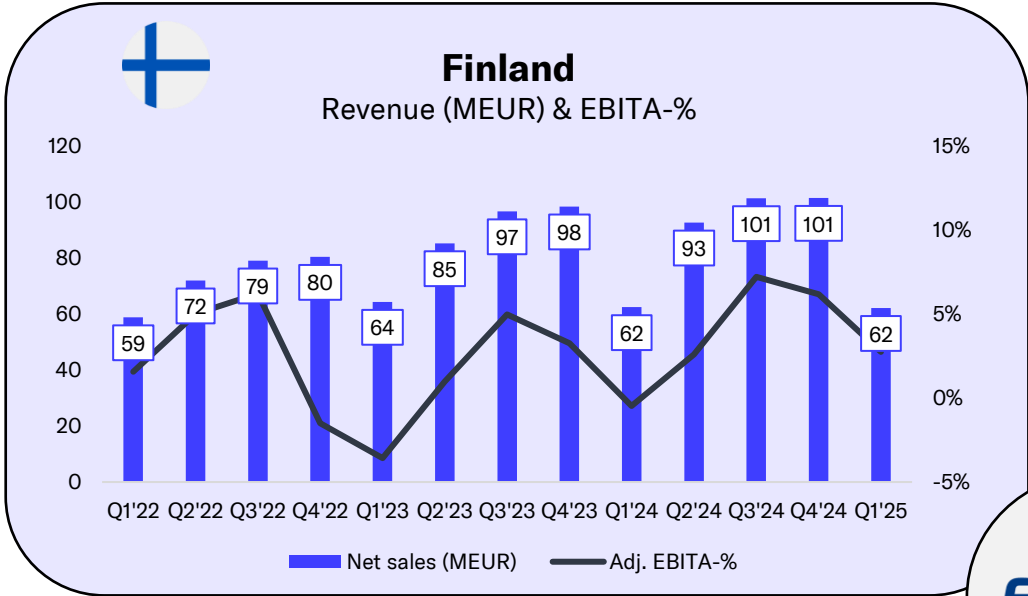
Estimate revisions	2025	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	869	863	-1%	892	888	0%	915	911	0%
EBITDA	54.2	57.2	6%	57.0	61.2	8%	60.0	63.3	6%
EBIT (excl. NRIs)	22.2	26.9	21%	26.6	30.3	14%	29.9	33.0	10%
EBIT	22.2	26.3	18%	26.6	30.3	14%	29.9	33.0	10%
PTP	11.2	15.8	41%	16.6	20.3	22%	19.9	23.0	15%
EPS (excl. NRIs)	0.02	0.05	109%	0.07	0.09	26%	0.10	0.11	16%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Eltel, Webcast with teleconference, Q1'25



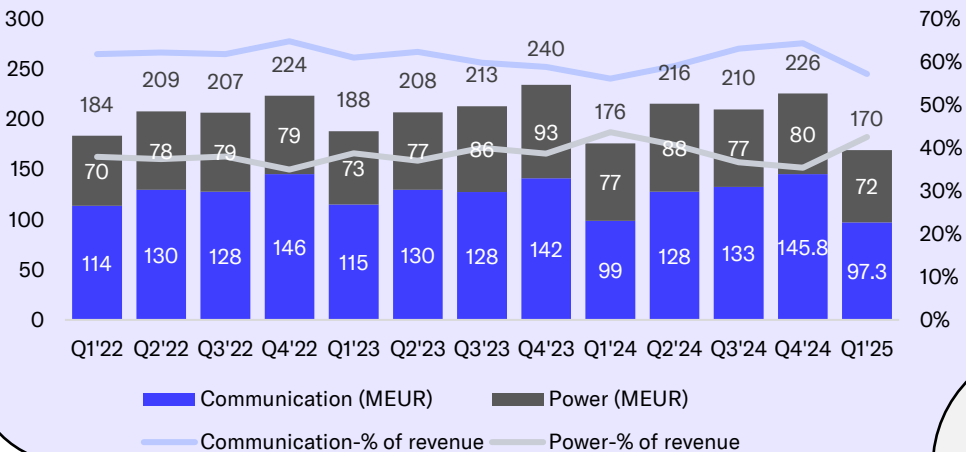
# Country-unit overview



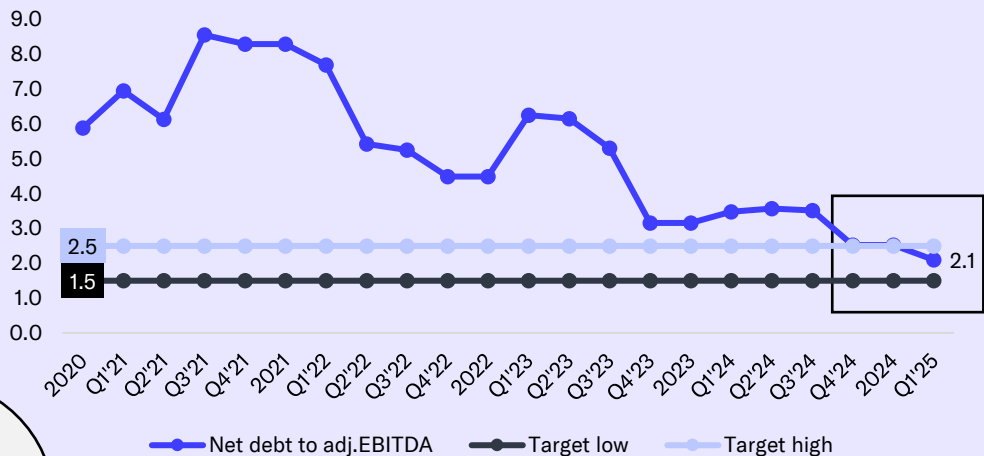
# Performance vs financial targets

## Communication vs Power

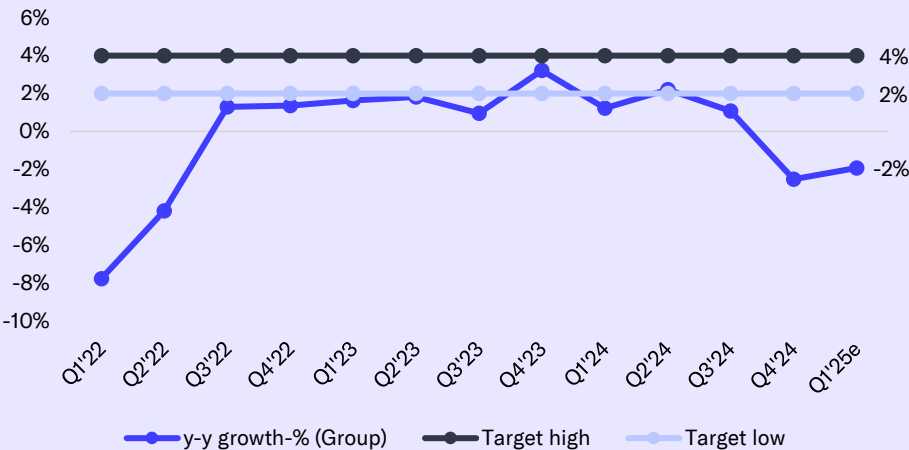
In MEUR and % of revenue, Q1'22-Q1'25



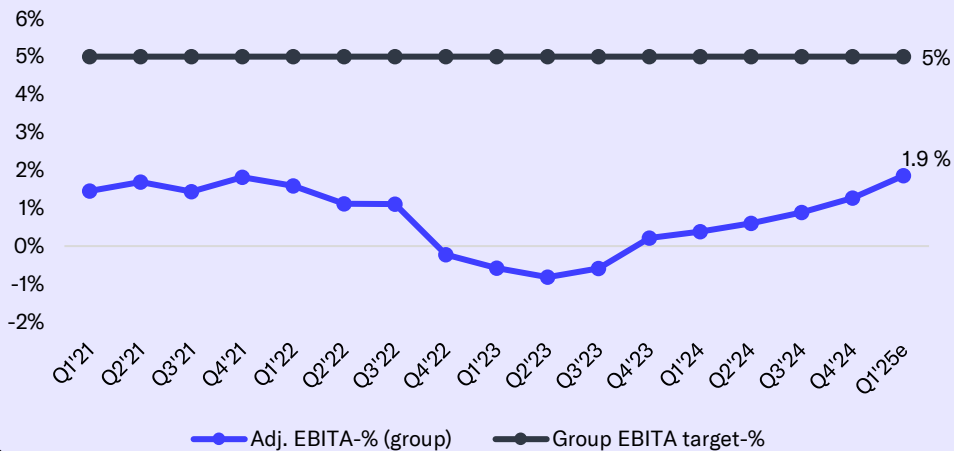
## Net debt/adj.EBITDA



## LTM revenue growth-% vs target



## LTM adj. EBITA-% vs target



# We now see upside potential in the stock

## Valuation methods

We approach the valuation of Eltel primarily with absolute valuation multiples. In addition, we use a total expected return calculation for the coming years and a DCF calculation to support the valuation.

Due to the company’s improved profitability profile, the valuation can be considered using different earnings-based multiples. We favor the EV-based multiples as they better capture Eltel’s balance sheet structure, but we also look at the P/E ratio. We look at multiples in absolute terms and in relative terms compared to a peer group (especially compared to its closest peers Netel, Transtema and Enersense). The focus of our valuation is especially on 2025 and 2026 multiples, as visibility into Eltel’s business is quite limited due to the historically volatile performance.

## Absolute valuation

Based on our updated estimates, Eltel’s EV/EBITDA multiple is around 4x for 2025 and 2026. At the same time, the corresponding EV/EBIT multiples are 9x and 7x, while the P/E multiple for 2025 is on the high side (15x) due to subdued net income but is expected to decline to 8x in 2026. Thus, we believe that the overall earnings-based valuation for the current year is quite neutral relative to the accepted valuation range (EV/EBITDA 4x-7x, EV/EBIT 7x-11x, P/E 9x-13x). However, for 2026, we think the overall earnings-based valuation looks increasingly attractive, based on our estimates.

If the current trajectory of operational improvement continues, we see an attractive upside potential in the 2026 multiples. Despite Eltel’s historically volatile earnings

and ongoing profitability challenges in Norway, we think that recent improvements support a more positive view of the company’s turnaround progress than we previously held.

Risks that we see to this outlook include a prolonged or worsening macroeconomic and geopolitical environment, which could delay customer investment decisions or reduce overall investment levels, and, consequently, dampen revenue growth. Nevertheless, we believe Eltel is structurally better positioned than in previous years to maintain improved margins, benefiting from enhanced pricing discipline, tighter cost controls, growing exposure to new and adjacent markets, and a more diversified customer base.

## Expected return in the coming years

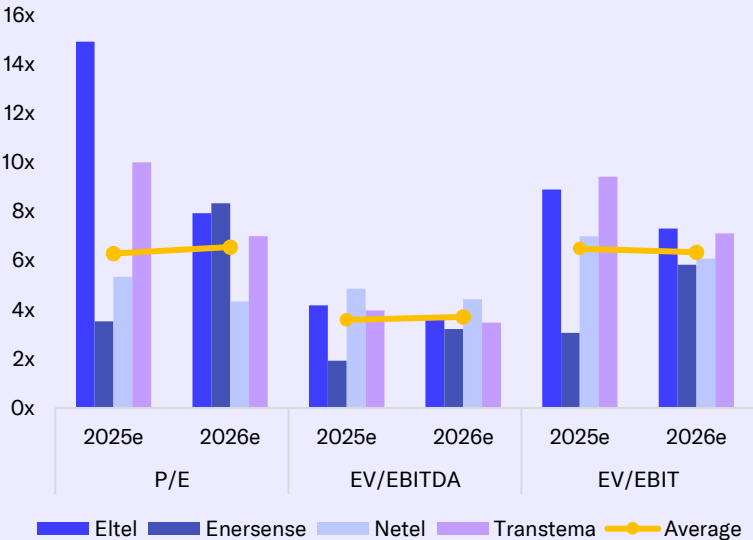
We have also looked at an investor's expected return over the next few years by simplifying the acceptable valuation and our 2027 earnings estimates. In our view, Eltel could be valued at 8x-9x EV/EBIT and around 10x-11x P/E at the end of 2027 based on our current estimates, if the profitability improvement is still intact and there are no major changes in the company’s growth outlook.

Given this and our current estimates, we believe that Eltel could be valued at roughly SEK 12.5-14.3 per share at the end of 2027 (at current EUR/SEK FX rate). At the current share price of SEK 7.9, we estimate that the expected annual return would be around 19-25% (no dividend is expected in the medium term). Hence, in this scenario, the total annual expected return would, on average, be above the 11% cost of equity that we use.

Valuation	2025e	2026e	2027e
Share price (EUR)	0.72	0.72	0.72
Number of shares, millions	156.7	156.7	156.7
Market cap (MEUR)	113	113	113
EV (MEUR)	239	222	201
P/E (adj.)	14.9	7.9	6.3
P/E	16.2	7.9	6.3
P/B	0.7	0.6	0.6
P/S	0.1	0.1	0.1
EV/Sales	0.3	0.2	0.2
EV/EBITDA	4.2	3.6	3.2
EV/EBIT (adj.)	8.9	7.3	6.1
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Eltel vs closest peers (2025-2026)





# We now see upside potential in the stock

Although we place more weight on 2026 multiples in this update given the recent notable profitability improvements, we acknowledge that Eltel’s track record of earnings volatility makes it hard to rely too much on scenarios beyond 2026. Furthermore, the expected return is back-loaded and depends on an EV-based valuation, which adds further uncertainty, e.g., regarding the capital structure, which is difficult to forecast over a longer period of time. However, we find this longer scenario supportive of our upgraded view on the stock.

## DCF model

We give partial weight to the DCF model in the valuation given the company’s volatile earnings track-record. It’s worth noting that the model is very sensitive to terminal period variables, but we believe we have used sufficiently conservative estimates for these compared to the industry context.

We expect strong low single-digit growth (CAGR: 3 %) and continued small margin expansion between 2025 and 2029, after which the top-line growth gradually tapers towards 2%, which we use as the terminal growth rate. In the terminal period, we expect the EBIT margin to stabilize at around 2.5%. The weight of the terminal in the model is 38%, which we consider a reasonable level.

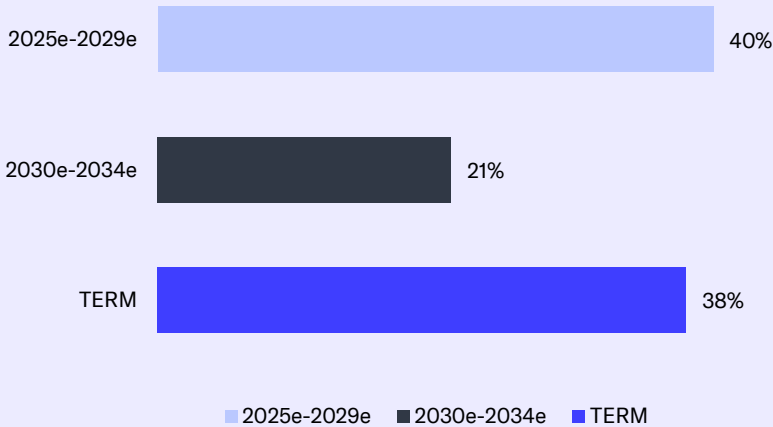
Our DCF model indicates a value of EUR 0.83 per share (SEK 9.1), suggesting an attractive risk-adjusted upside at current share price level.

We have gone through the assumptions of the DCF model and the expected return for the coming years in more detail in our [Initiation of coverage](#).

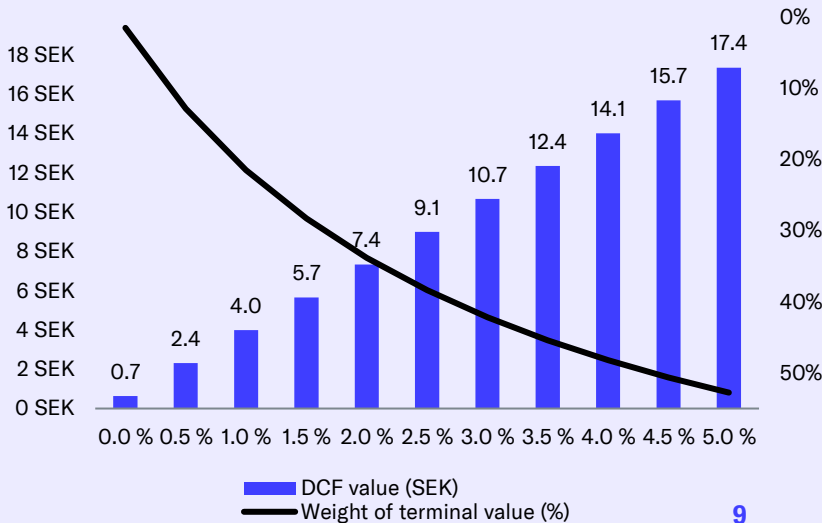
## We increase the target price and our recommendation

Reflecting this overall updated view, we see the risk-adjusted expected return in the share to be above the cost of equity we use over the next 12 months. Hence, we upgrade our recommendation to Accumulate (was Reduce) and increase the target price to SEK 9.0 (was SEK 7.20).

Cash flow distribution



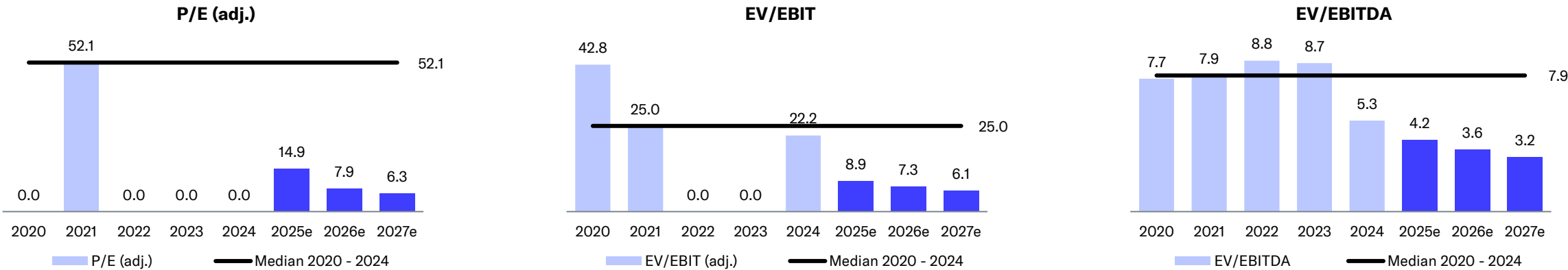
Sensitivity of DCF to changes in the terminal EBIT margin



# Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	2.24	1.53	0.74	0.55	0.56	0.72	0.72	0.72	0.72
Number of shares, millions	156.6	156.6	156.7	156.7	156.7	156.7	156.7	156.7	156.7
Market cap	351	239	115	86	88	113	113	113	113
EV	488	369	245	214	231	239	222	201	180
P/E (adj.)	neg.	52.1	neg.	neg.	neg.	14.9	7.9	6.3	5.9
P/E	74.7	55.7	neg.	neg.	neg.	16.2	7.9	6.3	5.9
P/B	1.7	1.1	0.6	0.5	0.6	0.7	0.6	0.6	0.5
P/S	0.4	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1
EV/Sales	0.5	0.5	0.3	0.3	0.3	0.3	0.2	0.2	0.2
EV/EBITDA	7.7	7.9	8.8	8.7	5.3	4.2	3.6	3.2	2.8
EV/EBIT (adj.)	42.8	25.0	neg.	>100	22.2	8.9	7.3	6.1	5.3
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

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
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	
Bravida Holding	1712	1914	11.3	10.4	8.4	8.0	0.7	0.7	13.9	12.6	4.1	4.4	2.0
Enersense International	37	64	3.1	5.8	1.9	3.2	0.2	0.2	3.5	8.3			1.1
Instalco	659	989	15.0	11.1	8.5	7.1	0.8	0.7	13.9	10.1	2.4	2.9	2.0
Netel Holding	46	114	7.0	6.1	4.9	4.4	0.4	0.4	5.3	4.3	3.7	6.4	0.4
Spie SA	7234	9262	13.5	12.3	8.9	8.4	0.9	0.8	15.9	14.3	2.7	2.9	3.1
Transtema	57	82	9.4	7.1	4.0	3.5	0.4	0.3	10.0	7.0			1.0
Vinci Energies	71404	95444	10.1	9.7	7.1	6.8	1.3	1.3	14.2	12.6	4.0	4.4	2.2
<b>Eltel (Inderes)</b>	<b>113</b>	<b>239</b>	<b>8.9</b>	<b>7.3</b>	<b>4.2</b>	<b>3.6</b>	<b>0.3</b>	<b>0.2</b>	<b>14.9</b>	<b>7.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.7</b>
<b>Average</b>			<b>9.9</b>	<b>8.9</b>	<b>6.3</b>	<b>5.9</b>	<b>0.7</b>	<b>0.6</b>	<b>11.0</b>	<b>9.9</b>	<b>3.4</b>	<b>4.2</b>	<b>1.7</b>
<b>Median</b>			<b>10.1</b>	<b>9.7</b>	<b>7.1</b>	<b>6.8</b>	<b>0.7</b>	<b>0.7</b>	<b>13.9</b>	<b>10.1</b>	<b>3.7</b>	<b>4.4</b>	<b>2.0</b>
<b>Diff-% to median</b>			<b>-12%</b>	<b>-25%</b>	<b>-41%</b>	<b>-47%</b>	<b>-61%</b>	<b>-64%</b>	<b>8%</b>	<b>-21%</b>	<b>-100%</b>	<b>-100%</b>	<b>-65%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
<b>Revenue</b>	<b>850</b>	<b>176</b>	<b>216</b>	<b>210</b>	<b>226</b>	<b>829</b>	<b>170</b>	<b>218</b>	<b>228</b>	<b>248</b>	<b>863</b>	<b>888</b>	<b>911</b>	<b>931</b>
Finland	344	62.4	92.6	101	101	358	62.1	101	113	116	392	400	410	418
Sweden	198	49.8	50.9	51.6	59.5	212	53.1	53.7	54.7	62.8	224	230	235	239
Norway	130	25.7	31.6	27.8	29.8	115	23.3	28.5	28.9	31.9	113	119	124	127
Denmark & Germany	0.0 <sup>1</sup>	30.4	34.4	29.0	35.8	130	30.5	34.8	30.8	38.3	134	139	143	148
Other business	187	9.5	8.9	2.9	3.0	24.3	1.9	2.2	2.0	2.1	8.3	8.3	8.1	7.9
Eliminations	-9.7	-1.5	-2.5	-2.3	-3.4	-9.7	-1.3	-2.5	-2.3	-2.5	-8.6	-8.6	-9.0	-9.0
<b>EBITDA</b>	<b>24.8</b>	<b>-19.6</b>	<b>8.5</b>	<b>15.2</b>	<b>12.5</b>	<b>16.6</b>	<b>7.2</b>	<b>12.5</b>	<b>19.2</b>	<b>18.3</b>	<b>57.2</b>	<b>61.2</b>	<b>63.3</b>	<b>64.9</b>
Depreciation	-30.1	-7.6	-8.0	-10.7	-8.4	-34.7	-6.9	-8.0	-8.0	-8.0	-30.9	-30.9	-30.4	-30.7
<b>EBIT (excl. NRI)</b>	<b>1.7</b>	<b>-4.0</b>	<b>0.4</b>	<b>8.2</b>	<b>5.7</b>	<b>10.4</b>	<b>0.9</b>	<b>4.5</b>	<b>11.2</b>	<b>10.3</b>	<b>26.9</b>	<b>30.3</b>	<b>33.0</b>	<b>34.2</b>
<b>EBIT</b>	<b>-5.3</b>	<b>-27.2</b>	<b>0.4</b>	<b>4.5</b>	<b>4.1</b>	<b>-18.1</b>	<b>0.3</b>	<b>4.5</b>	<b>11.2</b>	<b>10.3</b>	<b>26.3</b>	<b>30.3</b>	<b>33.0</b>	<b>34.2</b>
Finland	6.5	-0.3	2.4	7.3	6.4	15.7	1.7	4.2	8.7	6.6	21.3	20.8	21.3	21.3
Sweden	2.9	0.5	1.0	2.2	2.4	6.1	1.5	1.6	2.6	2.8	8.6	8.7	8.9	9.1
Norway	-2.5	-1.7	-1.0	-0.7	-2.3	-5.7	-1.8	-0.9	0.3	0.6	-1.7	1.8	3.7	3.8
Denmark & Germany	0.0	1.3	1.3	1.4	2.5	6.5	2.4	2.6	2.4	3.1	10.6	10.6	10.7	11.1
Other business	3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-11.6	-11.7	-11.1
Group functions	-9.1	-3.8	-3.2	-1.9	-3.3	-12.2	-2.9	-3.1	-2.9	-2.9	-11.8	0.0	0.0	0.0
Items affecting comparability	-7.0	-23.2	0.0	-3.7	-1.6	-28.5	-0.6	0.0	0.0	0.0	-0.6	0.0	0.0	0.0
Acquisition-related amortization	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 financial items	-12.7	-3.0	-2.8	-3.7	-3.3	-12.7	-2.4	-2.8	-2.7	-2.6	-10.5	-10.0	-10.0	-10.0
<b>PTP</b>	<b>-18.0</b>	<b>-30.2</b>	<b>-2.3</b>	<b>0.9</b>	<b>0.9</b>	<b>-30.8</b>	<b>-2.1</b>	<b>1.7</b>	<b>8.5</b>	<b>7.7</b>	<b>15.8</b>	<b>20.3</b>	<b>23.0</b>	<b>24.2</b>
Taxes	10.3	-0.3	-0.4	-0.7	2.9	1.6	-2.4	-0.4	-1.7	-1.5	-6.0	-4.1	-4.6	-4.8
Minority interest	-0.3	0.0	0.0	-0.5	-0.1	-0.6	0.1	0.0	-0.3	-0.1	-0.3	-0.4	-0.4	-0.4
<b>Net earnings</b>	<b>-8.0</b>	<b>-30.5</b>	<b>-2.7</b>	<b>-0.3</b>	<b>3.7</b>	<b>-29.8</b>	<b>-4.4</b>	<b>1.3</b>	<b>6.5</b>	<b>6.0</b>	<b>9.4</b>	<b>15.9</b>	<b>18.0</b>	<b>19.0</b>
<b>EPS (adj.)</b>	<b>-0.02</b>	<b>-0.05</b>	<b>-0.02</b>	<b>0.02</b>	<b>0.03</b>	<b>-0.03</b>	<b>-0.02</b>	<b>0.00</b>	<b>0.04</b>	<b>0.03</b>	<b>0.05</b>	<b>0.09</b>	<b>0.11</b>	<b>0.12</b>
<b>EPS (rep.)</b>	<b>-0.07</b>	<b>-0.20</b>	<b>-0.02</b>	<b>-0.01</b>	<b>0.02</b>	<b>-0.21</b>	<b>-0.03</b>	<b>0.00</b>	<b>0.04</b>	<b>0.03</b>	<b>0.04</b>	<b>0.09</b>	<b>0.11</b>	<b>0.12</b>
<b>Key figures</b>	<b>2023</b>	<b>Q1'24</b>	<b>Q2'24</b>	<b>Q3'24</b>	<b>Q4'24</b>	<b>2024</b>	<b>Q1'25</b>	<b>Q2'25e</b>	<b>Q3'25e</b>	<b>Q4'25e</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>	<b>2028e</b>
<b>Revenue growth-%</b>	3.2 %	-6.4 %	3.7 %	-1.4 %	-5.9 %	-2.5 %	-3.8 %	0.7 %	8.3 %	9.7 %	4.1 %	2.9 %	2.6 %	2.2 %
<b>Adjusted EBIT growth-%</b>	-190.8 %	-27.3 %	-129.4 %	39.5 %	105.0 %	519.0 %	-122.7 %	897.8 %	37.0 %	79.2 %	158.5 %	12.8 %	8.7 %	3.7 %
<b>EBITDA-%</b>	2.9 %	-11.1 %	3.9 %	7.2 %	5.5 %	2.0 %	4.2 %	5.7 %	8.5 %	7.4 %	6.6 %	6.9 %	7.0 %	7.0 %
<b>Adjusted EBIT-%</b>	0.2 %	-2.3 %	0.2 %	3.9 %	2.5 %	1.3 %	0.5 %	2.1 %	4.9 %	4.1 %	3.1 %	3.4 %	3.6 %	3.7 %
<b>Net earnings-%</b>	-0.9 %	-17.3 %	-1.2 %	-0.2 %	1.6 %	-3.6 %	-2.6 %	0.6 %	2.9 %	2.4 %	1.1 %	1.8 %	2.0 %	2.0 %

Source: Inderes

<sup>1</sup> Due to lack of financial history, the segment "Denmark & Germany" has been included in "Other business" in 2023.

# Balance sheet

Assets	2023	2024	2025e	2026e	2027e
<b>Non-current assets</b>	<b>387</b>	<b>380</b>	<b>380</b>	<b>380</b>	<b>381</b>
Goodwill	254	249	249	249	249
Intangible assets	32.9	30.3	30.4	30.5	30.6
Tangible assets	62.4	59.4	59.5	59.5	60.2
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	9.8	13.4	13.4	13.4	13.4
Deferred tax assets	27.9	27.2	27.2	27.2	27.2
<b>Current assets</b>	<b>238</b>	<b>206</b>	<b>233</b>	<b>234</b>	<b>253</b>
Inventories	17.3	19.3	19.0	19.5	20.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	196	165	179	184	189
Cash and equivalents	24.7	21.3	35.6	31.1	44.0
<b>Balance sheet total</b>	<b>624</b>	<b>585</b>	<b>613</b>	<b>614</b>	<b>633</b>

Source: Inderes

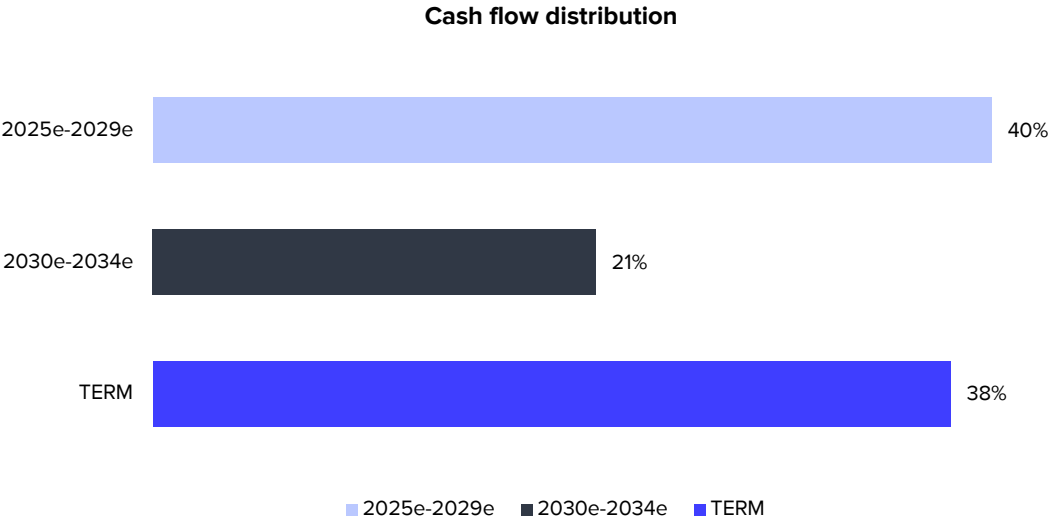
Liabilities & equity	2023	2024	2025e	2026e	2027e
<b>Equity</b>	<b>224</b>	<b>189</b>	<b>196</b>	<b>186</b>	<b>204</b>
Share capital	162	162	162	162	162
Retained earnings	-390.8	-423.7	-416.7	-402.5	-384.6
Hybrid bonds	25.0	25.0	25.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	420	418	418	418	418
Minorities	7.6	8.0	8.0	8.0	8.0
<b>Non-current liabilities</b>	<b>75.5</b>	<b>106</b>	<b>106</b>	<b>110</b>	<b>107</b>
Deferred tax liabilities	11.3	10.7	10.7	10.7	10.7
Provisions	3.4	5.2	5.2	5.2	5.2
Interest bearing debt	54.6	51.8	52.0	56.0	53.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	6.2	37.9	37.9	37.9	37.9
<b>Current liabilities</b>	<b>325</b>	<b>290</b>	<b>311</b>	<b>319</b>	<b>323</b>
Interest bearing debt	70.3	83.2	80.0	79.0	75.0
Payables	251	203	227	236	244
Other current liabilities	3.7	3.8	3.8	3.8	3.8
<b>Balance sheet total</b>	<b>624</b>	<b>585</b>	<b>613</b>	<b>614</b>	<b>633</b>



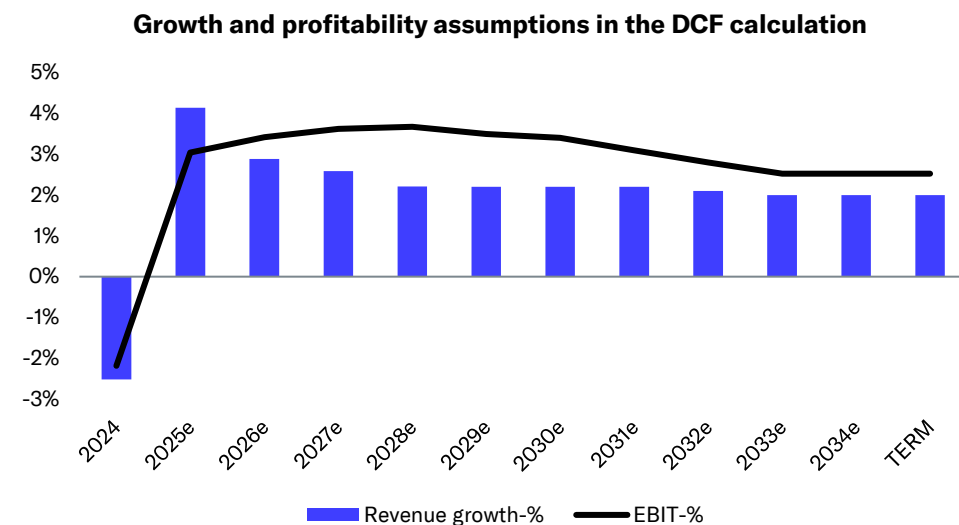
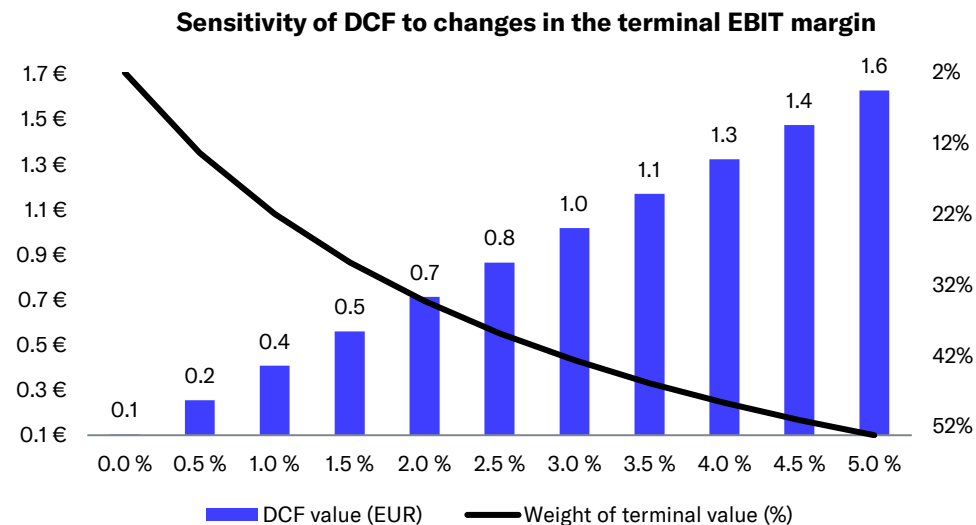
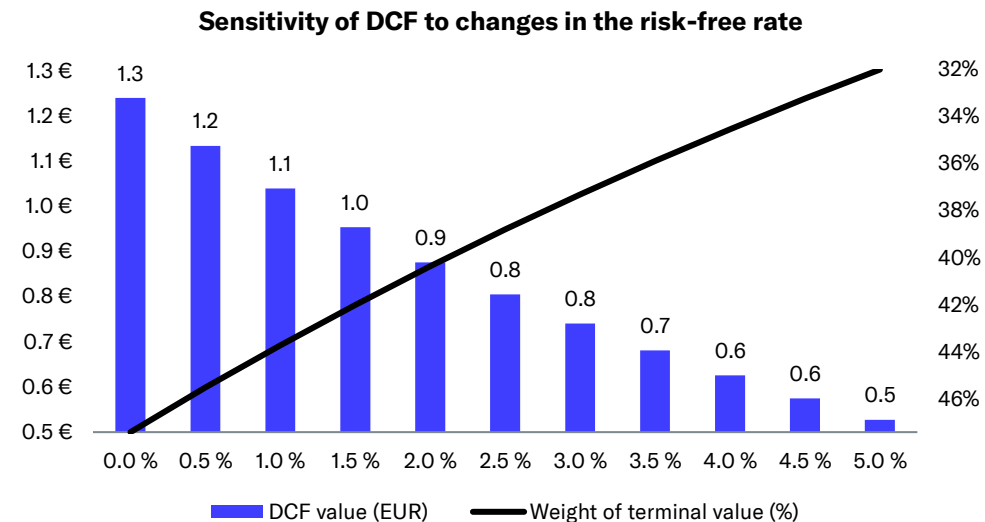
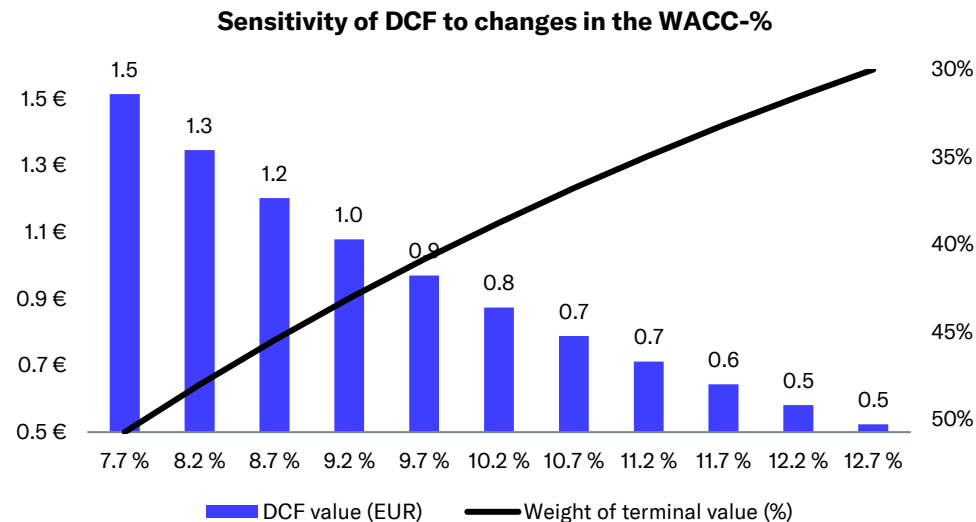
# DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-2.5 %	4.1 %	2.9 %	2.6 %	2.2 %	2.2 %	2.2 %	2.2 %	2.1 %	2.0 %	2.0 %	2.0 %
EBIT-%	-2.2 %	3.0 %	3.4 %	3.6 %	3.7 %	3.5 %	3.4 %	3.1 %	2.8 %	2.5 %	2.5 %	2.5 %
EBIT (operating profit)	-18.1	26.3	30.3	33.0	34.2	33.3	33.1	30.8	28.4	26.1	26.6	
+ Depreciation	34.7	30.9	30.9	30.4	30.7	30.2	30.6	30.8	31.2	31.5	32.0	
- Paid taxes	1.7	-6.0	-4.1	-4.6	-4.8	-4.7	-4.6	-4.2	-3.7	-3.2	-4.3	
- Tax, financial expenses	-0.7	-2.1	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-1.0	
+ 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	-19.3	10.5	3.5	2.7	2.6	1.8	1.9	1.9	1.9	0.9	0.9	
Operating cash flow	-1.6	59.5	58.7	59.4	60.7	58.7	58.9	57.4	55.8	53.3	54.2	
+ Change in other long-term liabilities	33.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-28.4	-31.1	-31.1	-31.1	-31.1	-31.1	-31.1	-31.6	-31.9	-32.6	-32.6	
Free operating cash flow	3.5	28.4	27.6	28.3	29.6	27.6	27.8	25.8	23.9	20.7	21.6	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	3.5	28.4	27.6	28.3	29.6	27.6	27.8	25.8	23.9	20.7	21.6	268
Discounted FCFF		26.6	23.5	21.8	20.7	17.5	16.0	13.5	11.3	8.9	8.4	105
Sum of FCFF present value		273	247	223	201	181	163	147	133	122	113	105
Enterprise value DCF		273										
- Interest bearing debt		-160.0										
+ Cash and cash equivalents		21.3										
-Minorities		-4.8										
-Dividend/capital return		0.0										
Equity value DCF		130										
Equity value DCF per share		0.83										
Equity value DCF per share (SEK)		9.1										

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	25.0 %
Cost of debt	10.0 %
Equity Beta	1.40
Market risk premium	4.75%
Liquidity premium	1.80%
Risk free interest rate	2.5 %
Cost of equity	11.0 %
Weighted average cost of capital (WACC)	10.2 %



# 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	823.6	850.1	828.7	863.0	887.9	EPS (reported)	-0.10	-0.07	-0.21	0.04	0.09
EBITDA	27.8	24.8	16.6	57.2	61.2	EPS (adj.)	-0.10	-0.02	-0.03	0.05	0.09
EBIT	-2.0	-5.3	-18.1	26.3	30.3	OCF / share	0.19	0.30	-0.01	0.38	0.37
PTP	-11.4	-18.0	-30.8	15.8	20.3	OFCF / share	0.04	0.10	0.02	0.18	0.18
Net Income	-15.0	-8.0	-29.8	9.4	15.9	Book value / share	1.30	1.38	1.16	1.20	1.13
Extraordinary items	-0.1	-7.0	-28.5	-0.6	0.0	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	621.7	624.2	585.4	612.9	614.3	Revenue growth-%	1%	3%	-3%	4%	3%
Equity capital	211.3	223.6	189.4	196.4	185.6	EBITDA growth-%	-40%	-11%	-33%	244%	7%
Goodwill	256.0	253.6	249.3	249.3	249.3	EBIT (adj.) growth-%	-113%	-191%	519%	158%	13%
Net debt	125.0	100.2	113.7	96.4	103.9	EPS (adj.) growth-%	-424%	-77%	36%	-261%	88%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	3.4 %	2.9 %	2.0 %	6.6 %	6.9 %
EBITDA	27.8	24.8	16.6	57.2	61.2	EBIT (adj.)-%	-0.2 %	0.2 %	1.3 %	3.1 %	3.4 %
Change in working capital	5.2	25.8	-19.3	10.5	3.5	EBIT-%	-0.2 %	-0.6 %	-2.2 %	3.0 %	3.4 %
Operating cash flow	29.3	47.7	-1.6	59.5	58.7	ROE-%	-7.1 %	-3.8 %	-15.0 %	5.1 %	8.7 %
CAPEX	-14.7	-33.2	-28.4	-31.1	-31.1	ROI-%	-0.5 %	-1.4 %	-5.4 %	8.1 %	9.3 %
Free cash flow	6.1	15.0	3.5	28.4	27.6	Equity ratio	37.0 %	39.6 %	35.5 %	35.0 %	33.0 %
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	59.2 %	44.8 %	60.0 %	49.1 %	56.0 %
EV/S	0.3	0.3	0.3	0.3	0.2						
EV/EBITDA	8.8	8.7	5.3	4.2	3.6						
EV/EBIT (adj.)	neg.	>100	22.2	8.9	7.3						
P/E (adj.)	neg.	neg.	neg.	14.9	7.9						
P/B	0.6	0.5	0.6	0.7	0.6						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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

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## Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
5/30/2024	Reduce	SEK 7.20	SEK 6.60
7/26/2024	Reduce	SEK 7.20	SEK 7.50
11/1/2024	Reduce	SEK 7.20	SEK 7.38
2/17/2025	Reduce	SEK 7.20	SEK 6.48
5/2/2025	Accumulate	SEK 9.00	SEK 7.88



# 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.

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