

# LINDEX GROUP

4/30/2025 10:30 am EEST

This is a translated version of "Tilapäisiä logistiikkaongelmia" report, published on 4/30/2025



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INDERES CORPORATE CUSTOMER  
**COMPANY REPORT**

A blurred background image showing a large, red, three-dimensional LINDEX logo mounted on a light-colored wall. The logo is slightly out of focus, and the background shows some bokeh from lights.

# Temporary logistics issues

Lindex's Q1 result was weak as logistics issues weighed on the Lindex division. Full-year guidance was reiterated, but we lowered our forecast towards the lower end of the range. We believe the structural changes still offer good expected return and reiterate our Buy recommendation and target price of EUR 3.5.

## Q1 result weak due to Lindex division

The Lindex Group's revenue decreased by 3% in local currencies, roughly the same for both divisions. For the Stockmann division, this was in line with our forecasts, but we expected better for the Lindex division based on the positive development of its main market (Sweden). According to the company, the Lindex division would have grown in Q1 without the logistics issues and the one extra day in the comparison period due to the leap year. The group's adj. EBIT deteriorated to -9 MEUR, whereas we expected a slight improvement to -4 MEUR. The Stockmann division's result improved slightly more than we expected, but the Lindex division's result was at zero compared to our expectation of 5 MEUR (Q1'24: 4 MEUR). We understand that this was largely due to temporary challenges in ramping up the logistics center, so a small earnings disappointment will not have a material impact going forward.

## Guidance unchanged, forecasts closer to lower end of range

Lindex reiterated its guidance and expects the change in revenue to be 0-4% in local currencies and adjusted EBIT to reach 70-90 MEUR in 2025. The performance in Q1 was significantly weaker, with revenue down 3% in local currencies and earnings down from the comparison period. We lowered this year's forecasts mainly due to the weak Q1, meaning that we did not make any significant changes to the estimates for the rest of the year. However, after the weak start of the year, the company's guidance looks rather optimistic, as we expect only slightly positive growth in local currencies and an adj. EBIT of 74 MEUR, i.e. close to last year's level. Our forecasts are therefore at the

lower end of the company's guidance ranges, so a slight downward revision at some point would not be surprising.

## Restructuring process drags on, no news on strategic review

The report did not provide any new information on the restructuring process. In our view, it is unlikely that the parties will reach an agreement on the amount of compensation in the last restructuring dispute (with LocalTapiola) and it is therefore likely that the litigation will continue to the end. This will likely mean that final decisions will not be made until 2026 at the earliest. The end of the restructuring would, among other things, allow the company to operate more freely, distribute dividends and make financial arrangements. In our view, it would also facilitate the potential sale of the department store business, although we do not think that the restructuring itself would directly prevent a sale. As expected, the Q1 report did not provide any new information on the strategic review of the department store business, i.e. the Stockmann division. Before Christmas, the company extended the timetable for the process until the end of June and has not provided any update on the progress of the review. We continue to believe that Lindex is looking to divest the department store business, which we think would be very supportive for the stock.

## The potential of a structural change still offers a good expected return

As the company undertakes a strategic assessment of its department store business, we believe that the sum-of-the-parts model is the best valuation method, which values the company at just over EUR 4 per share. However, this should consider the uncertainties related to the manner and schedule of the possible structural changes in department stores. Overall, however, we think the expected return is good. With the current structure, the company's 2025 EV/EBIT (adjusted for lease liabilities) is around 12x, which we think is quite high, so the upside is mainly in potential restructuring.

## Recommendation

**Buy**  
(was Buy)

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

**Share price:**  
**EUR 2.65**

## Business risk



## Valuation risk



	2024	2025e	2026e	2027e
Revenue	940	952	963	964
growth-%	-1%	1%	1%	0%
EBIT adj.	75	74	81	89
EBIT-% adj.	8.0 %	7.7 %	8.4 %	9.2 %
Net Income	13	21	29	34
EPS (adj.)	0.15	0.14	0.17	0.21
P/E (adj.)	18.9	19.5	15.3	12.8
P/B	1.1	1.1	1.0	0.9
Dividend yield-%	0.0 %	0.0 %	3.4 %	3.8 %
EV/EBIT (adj.)	13.6	13.7	12.2	11.0
EV/EBITDA	6.4	5.7	5.2	4.9
EV/S	1.1	1.1	1.0	1.0

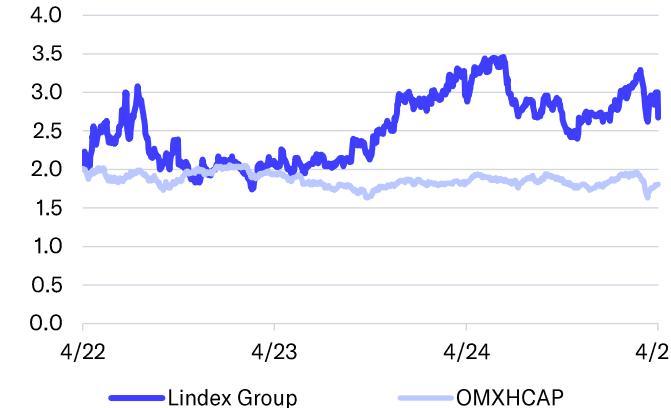
Source: Inderes

## Guidance

(Unchanged)

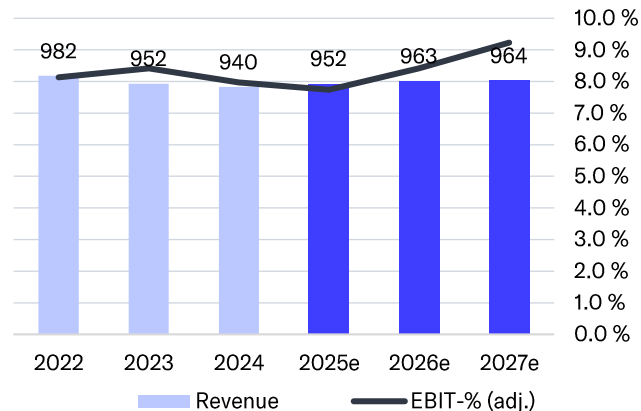
Lindex Group expects revenue in local currencies to grow by 0-4% in 2025 compared to 2024. The Group's adjusted operating result is estimated to be 70-90 MEUR.

## Share price



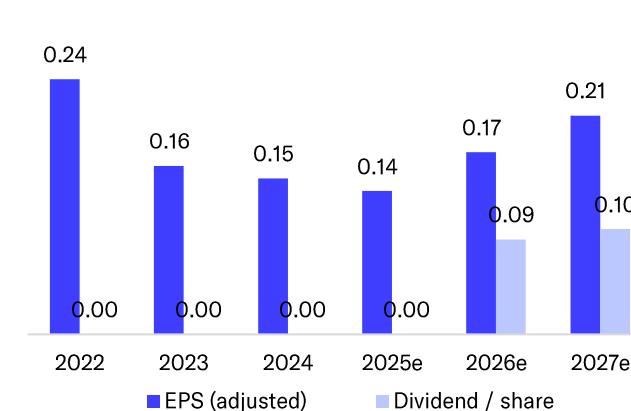
Source: Millistream Market Data AB

## Revenue and EBIT-% (adj.)



Source: Inderes

## EPS and dividend



Source: Inderes

## Value drivers

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

## Risk factors

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

Valuation	2025e	2026e	2027e
Share price	2.65	2.65	2.65
Number of shares, millions	163.4	165.1	165.1
Market cap	438	438	438
EV	1011	990	976
P/E (adj.)	19.5	15.3	12.8
P/E	20.2	15.3	12.8
P/B	1.1	1.0	0.9
P/S	0.5	0.5	0.5
EV/Sales	1.1	1.0	1.0
EV/EBITDA	5.7	5.2	4.9
EV/EBIT (adj.)	13.7	12.2	11.0
Payout ratio (%)	0.0 %	52.0 %	48.2 %
Dividend yield-%	0.0 %	3.4 %	3.8 %

Source: Inderes

# Result below comparison period and expectations due to Lindex division

## Revenue below comparison period and expectations

The Lindex Group's revenue decreased by 3% in local currencies, roughly the same for both divisions. For the Stockmann division, this was in line with our forecasts due to the weak market, but we expected better for Lindex division based on the positive development of its main market (Sweden). It appears that the Lindex chain has underperformed the market in the first few months of the year. According to the company, the Lindex division would have grown in Q1 without the logistics issues and the one extra day in the comparison period due to the leap year. The logistics issues were due to both international supply chain disruptions and challenges related to the ramp-up of the new distribution center. In a project of this magnitude, minor problems are not surprising in themselves, but it is, of course, almost impossible to predict their timing from the outside. However, the company noted that the situation was already much better in April. The Lindex division also had

logistical challenges in Q3'24, so a new, more efficient distribution center is clearly necessary.

## Result missed comparison period and our estimates

The group's adj. EBIT deteriorated to -9 MEUR, whereas we expected a slight improvement to -4 MEUR. The Stockmann division's result improved slightly more than we expected, but the Lindex division's result was at zero compared to our expectation of 5 MEUR (Q1'24: 4 MEUR).

The Lindex Division's gross margin improved year-on-year and was slightly better than our forecast, but lower revenue and higher fixed costs weighed on the result. We understand that these were largely due to temporary challenges in ramping up the logistics center, so a small earnings disappointment will not have a material impact going forward. The gross margin of the Stockmann division also improved and was slightly better than our forecast, which together with good cost management supported its earnings improvement despite the decline in revenue.

Q1 is seasonally by far the weakest quarter of the company and typically loss-making. The figures included a small one-off charge, and financial expenses were burdened by exchange rate fluctuations of more than 2 MEUR, which pushed the reported net result clearly into the red more than expected. However, these items again have no practical relevance for the future.

## Balance sheet weakened by inventory growth

Q1 is typically the weakest quarter of the year for the company in terms of both earnings and cash flow. Inventories were slightly elevated due to the transition of the distribution center, and working capital also increased overall significantly more than in the comparison period. This resulted in a negative cash flow of 65 MEUR during the quarter, and the company's net debt excluding lease liabilities was 32 MEUR. However, this is expected to improve during the course of the year.

Estimates	Q1'24	Q1'25	Q1'25e	Q1'25e	Consensus	Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low High	Act. vs. inderes	Inderes
Revenue	193	186	192			-3%	952
EBIT (adj.)	-6.5	-8.7	-4.0			-118%	73.7
EBIT	-7.6	-9.5	-4.0			-138%	72.9
EPS (reported)	-0.10	-0.12	-0.05			-132%	0.13
Revenue growth-%	-2.9 %	-3.5 %	-0.4 %			-3.1 pp	1.3 %
EBIT-% (adj.)	-3.4 %	-4.7 %	-2.1 %			-2.6 pp	7.7 %

Source: Inderes

Lindex Group Q1'25: Volatile market



# Changes in estimates mainly reflect weak Q1 result

## Guidance unchanged

Lindex reiterated its guidance and expects the change in revenue to be 0-4% in local currencies and adjusted EBIT to reach 70-90 MEUR in 2025. The performance in Q1 was significantly weaker, with revenue down 3% in local currencies and earnings deteriorating (adj. EBIT in 2024 was 75 MEUR, so the midpoint of the guidance indicates a slight improvement this year).

We lowered this year's forecasts mainly due to the weak Q1, meaning that we did not make any significant changes to the estimates for the rest of the year. However, after the weak start of the year, the company's guidance looks rather optimistic, as we expect only slightly positive growth in local currencies and an adj. EBIT of 74 MEUR, i.e. close to last year's level. Our forecasts are therefore at the lower end of the company's guidance ranges, so a slight downward revision at some point would not be surprising.

## Logistics center ramp-up continues

The ramp-up of the Lindex division's new logistics center was previously planned to take place entirely during H1, but the company said in the report that this will be extended to the second half of the year. The company does not expect this to result in significant additional costs. In any case, the old warehouses will be available to the company until the end of the year, and 70% of the inventory has already been moved to the new center. At the end of the year, therefore, the logistical transfers will be completed and the streamlining of the new center's operations will begin. The center is expected to generate significant savings, especially in terms of cash flow, as the old leased warehouses are disposed of and the new center is expected to operate more efficiently than the old ones. These effects will be visible from 2026.

## No dramatic changes in forecasts for the coming years

There are only marginal changes to the forecasts for the coming years. We expect both divisions to be able to

improve their result in the coming years. However, improved operational efficiency and the enabling of growth in the Lindex division through the new logistics center will be key to future earnings growth. As the restructuring process is expected to continue into next year, we removed the previously expected dividend payout from the 2025 result. During the restructuring process, the company is not allowed to pay dividends. While we believe that the last restructuring debt litigation will continue into next year, the parties may be able to agree on an escrow arrangement that would allow the restructuring to be completed even if the disputes around the last claim continues. However, there is no outside visibility on this issue either.

There was nothing new to report on the restructuring process and the strategic review of the department store business in connection with the Q1 report. News on the strategic review, which was already launched in the fall of 2023, should be available by the end of June, although the deadline has already been postponed once.

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	961	952	-1%	968	963	-1%	970	964	-1%
EBITDA	183	176	-4%	189	189	0%	198	198	0%
EBIT (excl. NRIs)	79	74	-6%	81	81	0%	89	89	0%
EBIT	79	73	-7%	81	81	0%	89	89	0%
PTP	44	35	-19%	45	44	-1%	52	51	-1%
EPS (excl. NRIs)	0.17	0.14	-21%	0.17	0.17	1%	0.21	0.21	1%
DPS	0.08	0.00	-100%	0.09	0.09	0%	0.10	0.10	0%

Source: Inderes

Lindex Group, Webcast, Q1'25





# Valuation potential in restructuring

## There are some challenges in valuation

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

## Valuation summary – Buy

We consider the company's valuation attractive in terms of the risk/reward ratio, given the potential of structural arrangements. This potential is near with the company's strategic assessment published in September 2023 and the restructuring process remaining with only one disputed debt. As such, we already consider the earnings-based valuation highish. We are not expecting a dividend until 2026 (the restructuring needs to be completed before a dividend can be paid), so it has a small but slightly positive impact.

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

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

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

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

We believe that the sum of the parts is an interesting and useful perspective to the valuation of the stock. In our neutral scenario, we value the Lindex division at around 700 MEUR, which, with the 2025 result, means an EV/EBIT of around 9x (excluding lease liabilities). Lindex's closest peers KappAhl and MQ were usually priced below 10x EV/EBIT when listed. Considering the increased interest rate and IFRS 16 effects, the valuation could be expected to be slightly lower in the current market, although larger peers such as H&M are of course valued higher. With an EBIT of 80 MEUR, which we estimate to be the normalized earnings level, the Lindex division generates about 55 MEUR in free cash flow/net profit. By discounting this with a 1.5–2% growth assumption and a 9.5 % required return, the current value of the Lindex division is also about 700 MEUR.

Valuation	2025e	2026e	2027e
Share price	2.65	2.65	2.65
Number of shares, millions	163.4	165.1	165.1
Market cap	438	438	438
EV	1011	990	976
P/E (adj.)	19.5	15.3	12.8
P/E	20.2	15.3	12.8
P/B	1.1	1.0	0.9
P/S	0.5	0.5	0.5
EV/Sales	1.1	1.0	1.0
EV/EBITDA	5.7	5.2	4.9
EV/EBIT (adj.)	13.7	12.2	11.0
Payout ratio (%)	0.0 %	52.0 %	48.2 %
Dividend yield-%	0.0 %	3.4 %	3.8 %

Source: Inderes

# Valuation is highish with the current structure

Translated into a P/E ratio this means around 13x. This is below the level of Nordic retail sector peers (13–22x for 2025, median 19x), and significantly below the level of the larger global competitors H&M (19x) and Inditex (above 25x). We believe that the strong global market position and brand of these companies offer them clearly better growth prospects than the Lindex division, which makes the higher valuation justified.

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

## Multiples and expected returns under the current structure

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

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

We estimate the company's net result and also cash flow level in 2026 to be around 30 MEUR, which implies a cash flow yield of around 7%. If Lindex Group is net debt-free, the company could, at least in principle, distribute the entire cash flow as dividends, as long as it is technically possible after the restructuring. In addition, we believe that earnings growth of around 5% over the next few years is realistic under the current structure. Longer term, however, we believe that the current structure has lower earnings growth expectations and that the current valuation level is on the high side. As a result, we do not believe that the expected return under the current structure is attractive relative to the risks and required returns.

## Probability weighted expected return

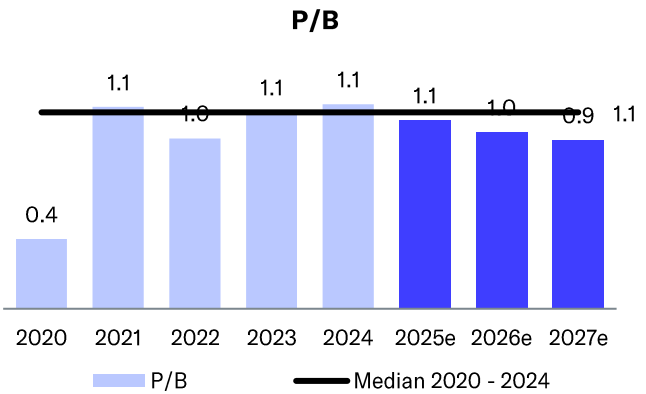
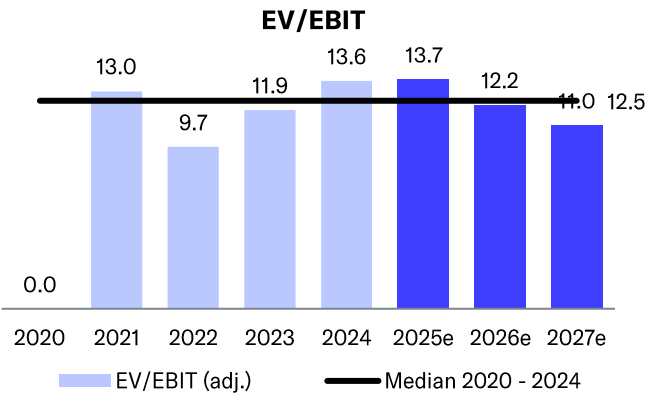
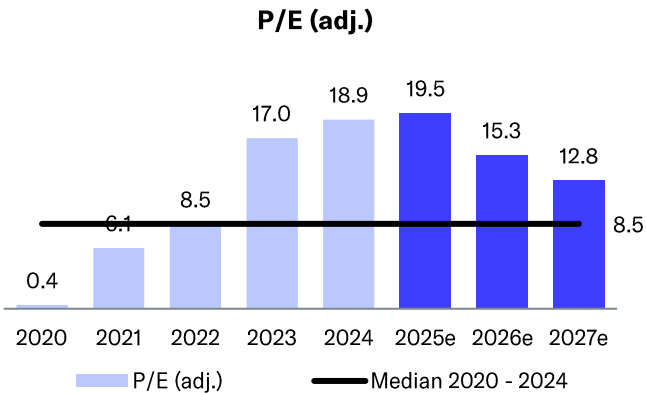
Without restructuring, we believe the expected return on the stock over the next few years will remain in the 5-10% range indicated by its sustainable cash flow yield and earnings growth. If we assume that the probability of the around EUR 4 sum-of-the-parts value realizing is, e.g., 2/3 within a year (and the remaining 1/3 for, e.g., 7.5% return) the expected return rises to over 30%. Our target price of EUR 3.5 also offers an expected return of approximately 30%.

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

# Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	1.14	1.96	2.05	2.72	2.79	2.65	2.65	2.65	2.65
Number of shares, millions	72.0	114.0	155.2	160.5	160.4	163.4	165.1	165.1	165.1
Market cap	80	303	320	432	451	438	438	438	438
EV		889	774	953	1022	1011	990	976	962
P/E (adj.)	0.4	6.1	8.5	17.0	18.9	19.5	15.3	12.8	11.7
P/E	neg.	4.7	3.1	8.4	33.8	20.2	15.3	12.8	11.7
P/B	0.4	1.1	1.0	1.1	1.1	1.1	1.0	0.9	0.9
P/S	>100	0.3	0.3	0.5	0.5	0.5	0.5	0.5	0.4
EV/Sales		1.0	0.8	1.0	1.1	1.1	1.0	1.0	1.0
EV/EBITDA		4.8	3.0	5.4	6.4	5.7	5.2	4.9	4.8
EV/EBIT (adj.)		13.0	9.7	11.9	13.6	13.7	12.2	11.0	10.5
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	52.0 %	48.2 %	50.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	3.4 %	3.8 %	4.3 %

Source: Inderes



The market value and enterprise value in the table take into account the projected change in the number of shares and net debt for the forecast years



# Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Lindex	486	1057	13.5	12.9	5.8	5.6	1.1	1.1	15.0	14.3	3.0	3.5	1.2
H & M	20698	26274	16	15	7	7	1	1	18.6	16.7	5.1	5.5	4.8
Fast Retailing	93884	86116	23.0	21.9	18.2	16.9	4.1	3.8	36.3	34.2	1.0	1.0	6.6
Inditex	151313	145514	19.5	17.9	13.7	12.8	3.8	3.5	25.7	23.8	3.5	3.8	7.7
Tokmanni	804	1620	14.1	12.5	6.6	6.1	0.9	0.9	12.6	10.6	5.8	6.7	2.8
Puulo	1047	1162	18.1	15.4	14.0	12.0	3.0	2.7	22.1	18.6	3.6	4.4	10.4
Kesko	8167	11088	16.1	15.0	8.6	8.1	0.9	0.9	17.6	16.1	4.6	4.9	2.9
Clas Ohlson	1633	1684	16.0	15.1	9.5	9.1	1.6	1.5	20.1	19.0	2.8	3.0	6.8
Lindex Group (Inderes)	438	1011	13.7	12.2	5.7	5.2	1.1	1.0	19.5	15.3	0.0	3.4	1.1
Average			17	15	10	9	2	2	20.2	18.3	3.8	4.2	5.1
Median			16.0	15.0	8.6	8.1	1.2	1.2	18.6	16.7	3.6	4.4	4.8
Diff-% to median			-14%	-18%	-33%	-36%	-13%	-14%	5%	-8%	-100%	-24%	-78%

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
Revenue	952	193	252	222	274	940	186	259	228	279	952	963	964	981
Lindex	633	131	170	159	169	629	126	175	166	176	643	663	679	696
Stockmann	319	62	82	63	105	312	60	84	62	103	309	300	285	285
EBITDA	177	17.8	45.0	39.9	57.1	160	15.8	54.2	43.2	63.0	176	189	198	201
Depreciation	-100	-25.4	-24.7	-24.9	-23.9	-99	-25.3	-25.0	-26.0	-27.0	-103	-108	-109	-109
EBIT (excl. NRI)	80.1	-6.5	29.5	15.7	36.2	75	-8.7	29.2	17.2	36.0	74	81	89	92
EBIT	76.5	-7.6	20.3	15.0	33.2	60.9	-9.5	29.2	17.2	36.0	73	81	89	92
Lindex	90	4.2	30.8	21.1	26.8	83	-0.3	29.0	23.0	26.0	78	83	88	90
Stockmann	-6	-9.4	-0.6	-4.5	10.6	-4	-7.3	1.0	-5.0	11.0	-0.3	1.0	4.0	5.0
Non-allocated	-3.9	-1.2	-0.8	-0.9	-1.1	-4.0	-1.2	-0.8	-0.8	-1.0	-3.8	-3.0	-3.0	-3.0
Net financial items	-30	-6.5	-8.1	-8.7	-9.1	-32	-11.6	-9.0	-8.5	-8.5	-38	-37	-38	-37
PTP	47	-14.1	12.2	6.3	24.1	28.6	-21.1	20.2	8.7	27.5	35	44	51	55
Taxes	5.0	-1.3	-5.2	-4.5	-4.4	-15.3	1.0	-5.6	-4.3	-4.9	-13.8	-15.8	-16.8	-17.2
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	52	-15.4	7.0	1.9	19.8	13.2	-20.1	14.6	4.4	22.6	21	29	34	37
EPS (adj.)	0.16	-0.09	0.10	0.02	0.12	0.15	-0.12	0.09	0.03	0.14	0.14	0.17	0.21	0.23
EPS (rep.)	0.32	-0.10	0.04	0.01	0.12	0.08	-0.12	0.09	0.03	0.14	0.13	0.17	0.21	0.23

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	-3.1 %	-2.9 %	-0.2 %	-2.1 %	-0.3 %	-1.2 %	-3.5 %	2.9 %	2.7 %	2.0 %	1.3 %	1.1 %	0.2 %	1.8 %
Adjusted EBIT growth-%	0.4 %	170.8 %	-6.6 %	-23.8 %	19.5 %	-6.5 %	34.2 %	-1.0 %	9.6 %	-0.6 %	-1.6 %	9.9 %	9.9 %	3.1 %
EBITDA-%	18.6 %	9.2 %	17.9 %	18.0 %	20.9 %	17.0 %	8.5 %	20.9 %	18.9 %	22.6 %	18.5 %	19.7 %	20.5 %	20.5 %
Adjusted EBIT-%	8.4 %	-3.4 %	11.7 %	7.1 %	13.2 %	8.0 %	-4.7 %	11.3 %	7.5 %	12.9 %	7.7 %	8.4 %	9.2 %	9.4 %
Net earnings-%	5.4 %	-8.0 %	2.8 %	0.8 %	7.2 %	1.4 %	-10.8 %	5.7 %	1.9 %	8.1 %	2.3 %	3.0 %	3.6 %	3.8 %

Source: Inderes

The full-year EPS was calculated using the number of shares at the end of the year.

# Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	963	989	1011	1017	1023
Goodwill	251	243	243	243	243
Intangible assets	115	114	114	114	114
Tangible assets	562	598	619	626	632
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.9	0.9	0.9	0.9	0.9
Other non-current assets	3.2	3.3	3.3	3.3	3.3
Deferred tax assets	30.3	30.6	30.6	30.6	30.6
Current assets	348	327	300	304	304
Inventories	163	170	162	164	164
Other current assets	5.3	0.4	0.4	0.4	0.4
Receivables	42.0	42.3	42.8	43.3	43.4
Cash and equivalents	138	115	95.2	96.3	96.4
Balance sheet total	1311	1316	1311	1321	1328

Source: Inderes

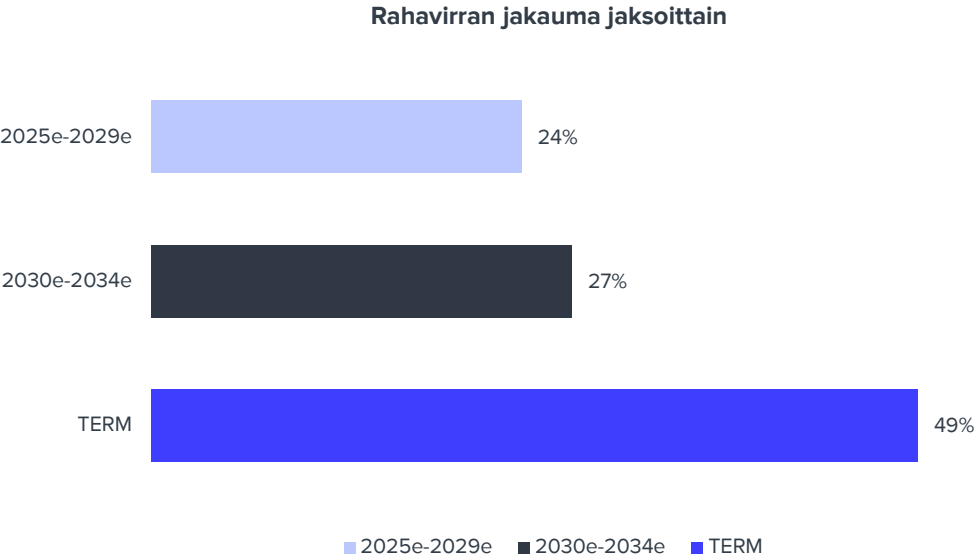
Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	393	394	416	444	463
Share capital	77.6	77.6	77.6	77.6	77.6
Retained earnings	257	271	292	320	340
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	-17.3	-34.4	-34.4	-34.4	-34.4
Other equity	75.9	80.4	80.4	80.4	80.4
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	629	642	602	602	602
Deferred tax liabilities	51.0	52.3	52.3	52.3	52.3
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	578	589	550	550	550
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.3	0.4	0.0	0.0	0.0
Current liabilities	290	280	293	275	262
Interest bearing debt	81.6	97.1	119	98.3	85.2
Payables	178	164	171	173	174
Other current liabilities	29.7	19.0	3.0	3.0	3.0
Balance sheet total	1312	1316	1311	1321	1328

# DCF-calculation excluding IFRS 16

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-1.2 %	1.3 %	1.1 %	0.2 %	1.8 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	1.0 %	1.0 %
EBIT-%	6.5 %	7.7 %	8.4 %	9.2 %	9.4 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %
<b>EBIT (operating profit)</b>	<b>61</b>	<b>73</b>	<b>81</b>	<b>89</b>	<b>92</b>	<b>99</b>	<b>99</b>	<b>100</b>	<b>100</b>	<b>101</b>	<b>102</b>	
+ Depreciation	22	23	28	29	29	30	30	30	29	29	30	
- Paid taxes	-14	-14	-16	-17	-17	-19	-19	-19	-20	-20	-21	
- Tax, financial expenses	-7	-8	-8	-8	-12	-11	-11	-10	-10	-10	-9	
+ Tax, financial income	0	0	0	0	0	0	0	0	0	0	0	
- Change in working capital	-27	-2	0	0	-1	0	0	0	0	0	0	
<b>Operating cash flow</b>	<b>35</b>	<b>73</b>	<b>86</b>	<b>93</b>	<b>92</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>100</b>	<b>101</b>	
+ Change in other long-term liabilities	-49	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-125	-45	-35	-35	-35	-35	-31	-33	-33	-33	-37	
<b>Free operating cash flow</b>	<b>-139</b>	<b>28</b>	<b>51</b>	<b>58</b>	<b>57</b>	<b>64</b>	<b>68</b>	<b>66</b>	<b>67</b>	<b>67</b>	<b>63</b>	
+/- Other	0	-27	-27	-27	-23	-23	-23	-23	-23	-23	-24	
FCFF	-139	0	23	31	34	40	45	43	43	44	40	474
<b>Discounted FCFF</b>		<b>1</b>	<b>26</b>	<b>32</b>	<b>32</b>	<b>35</b>	<b>35</b>	<b>31</b>	<b>28</b>	<b>26</b>	<b>22</b>	<b>260</b>
Sum of FCFF present value		528	527	501	469	437	402	367	336	308	281	260
<b>Enterprise value DCF</b>		<b>528</b>										
- Interest bearing debt		-72										
+ Cash and cash equivalents		115										
-Minorities		0.0										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>570</b>										
<b>Equity value DCF per share</b>		<b>3.5</b>										

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

Source: Inderes



# Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	981.7	951.7	940.1	952.0	962.6	EPS (reported)	0.66	0.32	0.08	0.13	0.17
EBITDA	258.1	176.7	159.8	176.2	189.4	EPS (adj.)	0.24	0.16	0.15	0.14	0.17
EBIT	154.9	76.5	60.9	72.9	81.0	OCF / share	1.43	0.75	0.70	0.94	1.00
PTP	129.2	46.6	28.6	35.2	44.3	OFCF / share	1.89	-0.29	-0.08	0.17	0.31
Net Income	101.7	51.7	13.2	21.4	28.6	Book value / share	2.16	2.45	2.46	2.54	2.69
Extraordinary items	75.1	-3.6	-14.0	-0.8	0.0	Dividend / share	0.00	0.00	0.00	0.00	0.09
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	1275.5	1310.5	1316.0	1311.0	1321.0	Revenue growth-%	9%	-3%	-1%	1%	1%
Equity capital	335.5	393.1	394.1	415.5	444.1	EBITDA growth-%	40%	-32%	-10%	10%	7%
Goodwill	250.9	250.9	242.9	242.9	242.9	EBIT (adj.) growth-%	17%	0%	-6%	-2%	10%
Net debt	454.4	521.6	571.4	573.6	552.0	EPS (adj.) growth-%	-25%	-34%	-8%	-8%	27%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	26.3 %	18.6 %	17.0 %	18.5 %	19.7 %
EBITDA	258.1	176.7	159.8	176.2	189.4	EBIT (adj.)-%	8.1 %	8.4 %	8.0 %	7.7 %	8.4 %
Change in working capital	-2.4	-68.7	-27.1	-1.5	-0.4	EBIT-%	15.8 %	8.0 %	6.5 %	7.7 %	8.4 %
Operating cash flow	222.4	120.5	111.6	153.0	165.5	ROE-%	33.7 %	14.2 %	3.4 %	5.3 %	6.6 %
CAPEX	8.5	-166.3	-124.8	-125.0	-115.0	ROI-%	15.3 %	7.6 %	5.7 %	6.7 %	7.4 %
Free cash flow	293.8	-46.2	-13.1	27.6	50.5	Equity ratio	26.3 %	30.0 %	29.9 %	31.7 %	33.6 %
						Gearing	135.4 %	132.7 %	145.0 %	138.0 %	124.3 %
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	0.8	1.0	1.1	1.1	1.0						
EV/EBITDA	3.0	5.4	6.4	5.7	5.2						
EV/EBIT (adj.)	9.7	11.9	13.6	13.7	12.2						
P/E (adj.)	8.5	17.0	18.9	19.5	15.3						
P/B	1.0	1.1	1.1	1.1	1.0						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	3.4 %						

Source: Inderes

The market value and enterprise value in the table take into account the projected change in the number of shares and net debt for the forecast years. Key figures per share have been calculated using the number of shares at the end of the year.

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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

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## Recommendation history (>12 mo)

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





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