

Puulo Plc

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Arttu Heikura
358400828098
arttu.heikura@inderes.fi

INDERES CORPORATE CUSTOMER

COMPANY REPORT



Good momentum continues, but valuation is tight

Puulo's Q4 result was record high, the guidance was strong as expected and shareholders were rewarded with an additional dividend. We still see strong prerequisites for business growth and value creation, but the stock's stretched valuation turns the short-term risk/reward ratio unfavorable for the investor. We reiterate our EUR 12.0 target price but lower our recommendation to Reduce (was Accumulate) after the price rise and higher valuation level.

Earnings rose to a record level in relative terms

In Q4, Puulo's revenue increased by 12% to 86 MEUR driven by new stores. The number of customers increased in both new and old stores, which we believe indicates the competitiveness of the concept. Like-for-like sales, on the other hand, remained at the level of the comparison period, which, we suspect was due to the decrease in the basket. The basket has decreased as consumption has shifted towards lower price point products, including private labels, whose sales increased by almost 20%. In terms of earnings, the decline in the basket and the rise of private labels is favorable, as lower price point and private label products have higher margins. This, combined with good cost control, resulted in a positive earnings revision and a record-level Q4 result. The EBITA margin reached a record level of 16.6%, which we believe indicates that the company has successfully scaled its business in line with its strategy. The Board decided to propose an additional dividend of EUR 0.24 on top of the basic dividend of EUR 0.46 per share, which increases the dividend proposal for 2024 to EUR 0.70. A more generous distribution of profits is justified, as excess capital accumulates in the cash reserve year after year due to the strong cash flow and low investment needs of the business.

Guidance in line with expectations

Puulo expects 2025 revenue to be 425-455 MEUR and EBITA to be 70-80 MEUR. We believe the guidance relies on an improving market environment in H2, which should create preconditions for a slight pick-up in like-for-like growth. Thanks to the efficiency

measures implemented in 2024 (e.g. process automation), the margin should scale to some extent. However, we expect the five store openings in quick succession scheduled for H1 and wage inflation will keep the cost structure on the rise. We expect the cost pressures to outweigh the positive impact of efficiency measures and estimate the 2025e EBITA margin to weaken slightly to 17.3%. In our view, a clearer scaling of the cost structure requires a pick-up in like-for-like growth (~5%), which we estimate will happen in 2026 with the improving market environment. Thus, we expect 2026e EBITA% to increase to 17.6%, exceeding the company's target level (>17%). Our estimates involve risk factors in both directions, but in our view, the risks to our long-term estimates that are in line with the company targets are more likely to be downward. These include, e.g., the possible failure of the main earnings growth drivers, i.e. store expansion and, in particular, like-for-like growth, in which case our estimates may prove too optimistic. Forecasts remain unchanged in the big picture

Expected return relies on dividends

We feel the short-term valuation of Puulo's stock is stretched. With our 2025 estimates, the stock trades at 19x P/E and 15x IFRS 16 adj. EV/EBIT multiples. These levels are above our comfort zone, meaning that the 13% earnings growth we forecast will largely be used to digest multiples. In this case, the dividend yield (~6% p.a.) supports the expected return, but it is not enough to cover our required return (9%) on its own. With these parameters, the risk/reward ratio of the stock is too narrow in our papers. The challenging risk/reward ratio is also supported by the marginal upside of the current share price to the value of our DCF model (EUR 12.4). Although we see Puulo as the highest quality company in its sector, the business creates value, and the share offers an expected return of over 10% in the long term, the safety margin protecting investors from uncertainties is almost non-existent at the current share price.

Recommendation

Reduce

(was Accumulate)

Target price:

EUR 12.00

(was 12.00 EUR)

Share price:

12.09

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	383.4	441.0	493.7	548.0
growth-%	13%	15%	12%	11%
EBIT adj.	65.2	73.7	85.6	94.0
EBIT-% adj.	17.0 %	16.7 %	17.3 %	17.1 %
Net Income	48.1	53.5	62.8	69.2
EPS (adj.)	0.57	0.63	0.74	0.82
P/E (adj.)	18.0	19.2	16.3	14.8
P/B	8.5	10.7	8.8	7.6
Dividend yield-%	6.8 %	4.2 %	4.9 %	5.4 %
EV/EBIT (adj.)	15.1	15.5	13.4	12.2
EV/EBITDA	11.7	12.0	10.0	9.2
EV/S	2.6	2.6	2.3	2.1

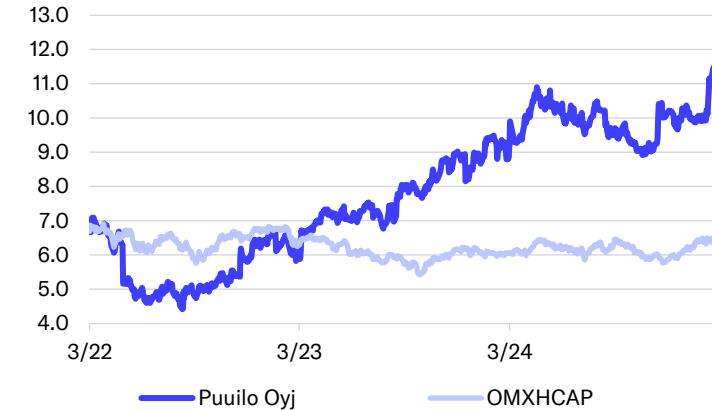
Source: Inderes

Guidance

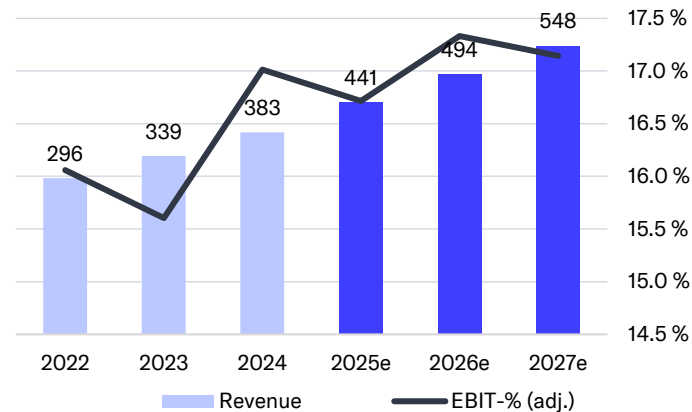
(New guidance)

Puulo predicts that its revenue for 2025 will be 425-455 MEUR (2024: 383 MEUR) and the adjusted EBITA will be in the range of 70-80 MEUR (2024: 67 MEUR).

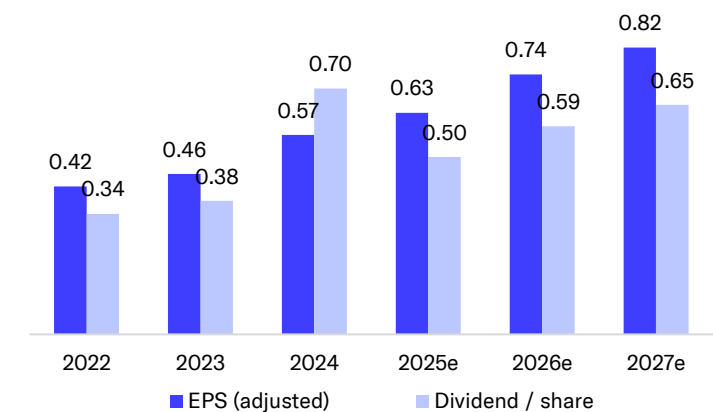
Share price



Revenue and EBIT %



EPS and dividend



Value drivers

- Increasing the number of stores to over 70
- Significant growth potential remaining in ramping up existing stores
- Growth in private label
- As a result of growth, improved bargaining power with suppliers and scaling of costs
- Further streamlining of operating expenditure levels

Risk factors

- Increased competition as key competitors also expand their brick-and-mortar networks
- Global disruptions in product availability and the rise of protectionism
- Successful category management
- Weakened consumer purchasing power in a cost-inflationary environment
- Professionalization of construction and urbanization

Valuation	2025e	2026e	2027e
Share price	12.1	12.1	12.1
Number of shares, millions	84.8	84.8	84.8
Market cap	1025	1025	1025
EV	1146	1145	1148
P/E (adj.)	19.2	16.3	14.8
P/E	19.2	16.3	14.8
P/B	10.7	8.8	7.6
P/S	2.3	2.1	1.9
EV/Sales	2.6	2.3	2.1
EV/EBITDA	12.0	10.0	9.2
EV/EBIT (adj.)	15.5	13.4	12.2
Payout ratio (%)	80.0 %	80.0 %	80.0 %
Dividend yield-%	4.2 %	4.9 %	5.4 %

Source: Inderes

The additional dividend was the surprise element of the report

Revenue grew nicely

Puulo's Q4 revenue grew by 12% year-on-year to 86 MEUR. The main growth driver was the new stores, as the Puulo network had expanded by seven stores from the comparison period. Revenue growth in comparable stores was hard to come by (0%) despite the increase in the number of customers (4%). We believe this discrepancy is explained by a decrease in the average basket (around -3%), which, in our view, stems from consumption shifting towards lower price point products (incl. private label).

EBITA% at record level

The EBITA reported by the company also increased from the comparison period to 14 MEUR. This corresponds to a margin of 16.6%, which exceeded the corresponding levels (same period, i.e. Q4) achieved during the hot COVID years (~15.5%). The strong profitability was supported by a high relative gross margin of 38.5%, which was boosted by the

sales distribution focusing on lower price point products with better margin potential and private labels. Fixed costs also grew (4%) more slowly than revenue, despite the growing store network. In our view, this was explained by the company's measures to improve the efficiency of underperforming stores and automation of other processes. Earnings per share came in as we expected at EUR 0.12.

Shareholders were rewarded with an additional dividend

In addition to the basic dividend of EUR 0.46 per share, the Board of Directors proposes an additional dividend of EUR 0.24. The basic dividend was as expected, but the additional dividend surprised us and the consensus. A more generous distribution of profits is justified, as excess capital accumulates in the cash reserve year after year due to the strong cash flow and low investment needs of the business. The Board's toolbox also includes the option of share buybacks, although the increased valuation of the stock may have kept the Board away from the buy button this

time.

Preparation for spring began early

The company's operating cash flow in Q4 was close to zero and free cash flow turned negative. This is due to the company's early preparation for the spring season, the growth of private labels, and the record-breaking pace of store openings (5 stores will be opened in H1'25), which resulted in more capital being tied up in inventory than usual. For the full year, operating cash flow was 49 MEUR and free cash flow 24 MEUR, pushed below the comparison period's level by committed working capital. The balance sheet position remained strong with IFRS 16 adj. net debt/EBITDA at 0.5x. With the renegotiated financing agreement (debt increased by 20 MEUR), the ratio will remain roughly the same or decrease slightly by the end of 2025.

Estimates	Q4'23	Q4'24	Q4'24e	Q4'24e	Consensus	2024
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low High	Actualized
Revenue	76.8	85.8	85.8	86.6		383
EBITA (adj.)	10.7	14.3	14.3	-		67.0
EBIT	10.3	13.9	14.0	12.1		65.1
EPS (reported)	0.09	0.12	0.12	0.10		0.57
DPS	0.38	0.70	0.45	0.47		0.70
Revenue growth-%	12.4 %	11.8 %	11.8 %	12.7 %		13.3 %
EBITA-% (adj.)	13.9 %	16.6 %	16.6 %	-		17.5 %

Source: Inderes & Bloomberg (consensus, 5 estimates)

Estimates unchanged in the big picture

Guidance in line with expectations

Puulo expects 2025 revenue to be 425-455 MEUR and EBITA to be 70-80 MEUR. We believe the underlying assumptions of the guidance include:

- Store network growing by seven stores
- Market environment improving in H2
- The basket turning to growth, which slightly improves like-for-like sales growth → may keep the gross margin flat or even declining, depending on the growth rate
- Cost ratio roughly at the level of the comparison period

Based on the mid-point of the guidance, revenue would grow by about 15% and earnings would correspond to 17% of revenue, which is slightly weaker than the previous financial year (17.5%). In our opinion, this illustrates that things fell into place so to speak in Q4.

We only made marginal estimate changes

We raised our 2025 estimate for like-for-like sales growth slightly, but personnel cost pressures and increased financing costs (debt increased by 20 MEUR) depressed our near-term earnings estimates slightly.

Earnings will improve

Puulo will open seven new stores in 2025 and probably five or six new stores in 2026. To some extent, growth will be supported by a growing basket, but its quarterly timing is difficult to estimate. In our view, an increasing basket requires better traction in higher price point consumer goods, the consumption of which depends on the market environment, which we do not expect to improve until H2. We forecast the EBITA% to weaken slightly in 2025 and improve in 2026 on the back of recovering like-for-like sales growth. The main driver of our earnings growth forecast (13%) is revenue growth due to the very tight cost structure.

Revenue growth rate behind estimate risks

Our estimates reflect our best view of the company's future development, but they involve risk factors in both directions. In our view, the risks to our estimates, which are at the level of the company's long-term targets, are more likely to be to be weighted downwards than upwards. These negative risks include, e.g., failure of the main earnings growth drivers, i.e. store expansion and, in particular, like-for-like growth, in which case our estimates may prove too optimistic. A continued weak market or increased competition are significant risks for the recovery of like-for-like revenue growth, on which our earnings growth forecast also relies. On the other hand, a larger-than-estimated store base (>73 stores) may act as a positive long-term estimate risk.

Estimate revisions	2024	2024	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	383	383	0%	438	441	1%	494	494	0%
EBIT (exc. NRIs)	65.3	65.2	0%	73.5	73.7	0%	85.2	85.6	0%
EBIT	65.3	65.2	0%	73.5	73.7	0%	85.2	85.6	0%
PTP	60.2	60.1	0%	68.4	66.9	-2%	79.8	78.5	-2%
EPS (excl. NRIs)	0.57	0.57	0%	0.65	0.63	-3%	0.75	0.74	-2%
DPS	0.45	0.70	54%	0.52	0.50	-3%	0.60	0.59	-2%

Source: Inderes

Expected return relies on dividends

We feel the absolute valuation is elevated

The trailing 12-month P/E (21x) is slightly above our range of acceptable valuation levels (P/E ~16-18x) and we see a downside in it. Thus, the 13% earnings growth we expect will largely be used to digest multiples, as the P/E ratio (16x) will only fall to an acceptable level in 2026 and an attractive level (15x) in 2027. EV-based earnings multiples that consider the healthy balance sheet (2025-26e IFRS 16 adj. EV/EBIT 15-13x) seem quite neutral to us, and we do not see any upside in them. The PEG ratio of 1.3x also indicates that the valuation is high relative to our expected earnings growth.

The premium is justified, but the upside of the relative valuation is gone

When gauging the relative valuation, we give main weight to the P/E ratio. The comparability of EV-based multiples within the peer group is weakened by differences in the length of IFRS 16 leases affecting net debt between the companies.

Examined with the P/E ratio, the company is priced at a premium to its retail peer group. We see Puuilo's premium as justified due to its strong earnings growth outlook and better return on capital than its peers. However, we do not see room for the premium to expand, which supports our view of a correctly priced stock in the short term.

The cash flow model reflects high expectations

Our DCF model indicates that the stock's fair value is EUR 12.4 This is close to the share price, offering very limited upside and signaling a correctly priced stock. The share value according to the DCF model and the underlying estimate parameters (73 stores in 2029, revenue growth of

10% p.a., and an average EBIT margin of 17.2% in 2025-30e) reflect the high expectations loaded into the current share price. We feel these are close to their full potential when examined through a cash flow model, and thus the model supports our view of the stock's weak risk/reward ratio.

We consider the DCF model a reliable valuation method due to Puuilo's strong and fairly predictable cash flow profile.

In the short term, the stock's expected return relies on dividends

In terms of realized earnings multiples, the company is priced slightly above our comfort zone. Thus, the earnings growth we expect will largely go to digesting the multiple. In this case, the short-term total expected return of the share relies almost entirely on the dividend, and a dividend yield of 5-7% is not enough to cover our required return (9%). So the risk/reward ratio of the share turns challenging in our papers. Although we consider Puuilo's multiples high for the next few years, we note that we expect the company's earnings growth and good cash flow to push multiples down over the years. The current cash flow level and strong earnings growth offer an expected return of over 10% for the long-term investor (investment period >3-5 years). However, the high valuation limits the stock's return potential, especially on a 12-month horizon. There are significant uncertainties related to the development during the beginning of the year (like-for-like sales and positive market turnaround, as well as cost pressures), and we feel the current valuation level cannot withstand any earnings disappointments, leaving an almost non-existent safety margin to protect investors.

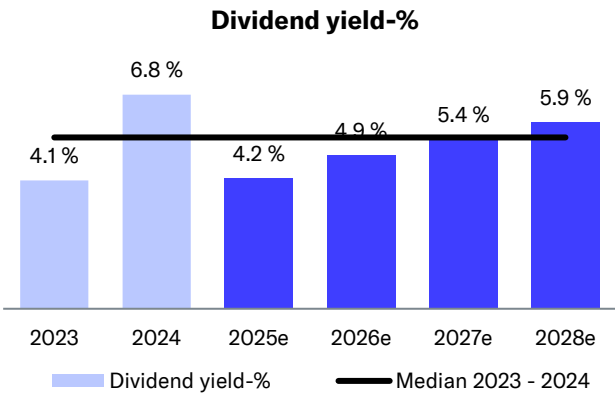
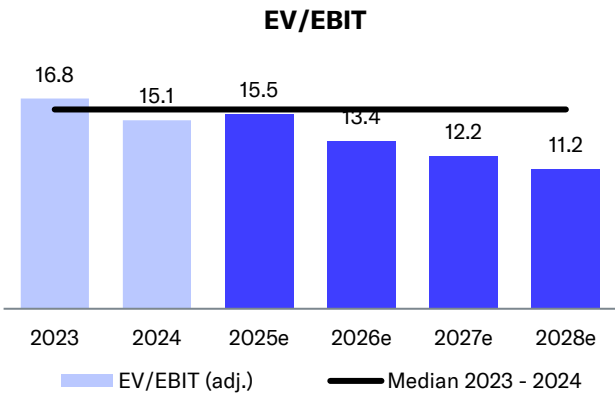
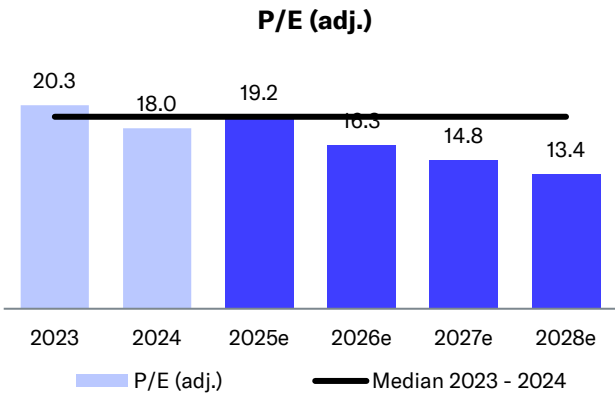
Valuation	2025e	2026e	2027e
Share price	12.1	12.1	12.1
Number of shares, millions	84.8	84.8	84.8
Market cap	1025	1025	1025
EV	1146	1145	1148
P/E (adj.)	19.2	16.3	14.8
P/E	19.2	16.3	14.8
P/B	10.7	8.8	7.6
P/S	2.3	2.1	1.9
EV/Sales	2.6	2.3	2.1
EV/EBITDA	12.0	10.0	9.2
EV/EBIT (adj.)	15.5	13.4	12.2
Payout ratio (%)	80.0 %	80.0 %	80.0 %
Dividend yield-%	4.2 %	4.9 %	5.4 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price				9.26	10.2	12.1	12.1	12.1	12.1
Number of shares, millions				84.8	84.8	84.8	84.8	84.8	84.8
Market cap				785	867	1025	1025	1025	1025
EV				886	982	1146	1145	1148	1147
P/E (adj.)				20.3	18.0	19.2	16.3	14.8	13.4
P/E				20.3	18.0	19.2	16.3	14.8	13.4
P/B				9.2	8.5	10.7	8.8	7.6	6.6
P/S				2.3	2.3	2.3	2.1	1.9	1.7
EV/Sales				2.6	2.6	2.6	2.3	2.1	1.9
EV/EBITDA				13.1	11.7	12.0	10.0	9.2	8.4
EV/EBIT (adj.)				16.8	15.1	15.5	13.4	12.2	11.2
Payout ratio (%)				83.3 %	123.3 %	80.0 %	80.0 %	80.0 %	80.0 %
Dividend yield-%				4.1 %	6.8 %	4.2 %	4.9 %	5.4 %	5.9 %

Source: Inderes



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
Europris ASA	1265	1636	13.3	11.5	7.7	7.0	1.3	1.2	15.2	13.1	4.3	4.6	3.3
Bygghmax Group AB	282	510	19.1	14.7	5.8	5.4	0.9	0.8	15.8	12.5	2.6	3.8	1.2
Clas Ohlson AB	1430	1482	13.9	13.1	8.3	7.9	1.4	1.3	17.4	16.5	3.3	3.5	5.9
Axfood AB	4483	5859	17.3	15.2	8.2	7.7	0.7	0.7	19.5	16.5	4.0	4.3	6.2
Dollar General Corp	17832	22746	12.8	13.3	8.6	8.5	0.6	0.6	15.3	15.7	2.7	2.7	2.6
Kesko Oyj	7449	10370	15.0	14.0	8.1	7.6	0.8	0.8	16.0	14.6	5.1	5.4	2.6
Musti Group Oyj	698	882	16.3	14.2	9.3	8.5	1.8	1.7	17.6	15.5	3.9	4.3	3.4
Verkkokauppa.com Oyj	98	108	18.8	12.2	8.3	6.6	0.2	0.2	30.9	16.6	1.9	4.2	3.1
Tokmanni Oyj	762	1578	13.7	12.2	6.4	6.0	0.9	0.9	11.9	10.0	6.1	7.1	2.7
Rusta	964	1479	18.3	15.0	8.7	7.6	1.4	1.2	20.3	15.3	2.1	2.9	4.6
Tractor Supply	26666	28158	19.6	18.0	14.8	13.7	1.9	1.8	25.0	22.5	1.7	1.9	11.5
Puulo Oyj (Inderes)	1025	1146	15.5	13.4	12.0	10.0	2.6	2.3	19.2	16.3	4.2	4.9	10.7
Average			16.2	13.9	8.6	7.9	1.1	1.0	18.6	15.4	3.4	4.1	4.3
Median			16.3	14.0	8.3	7.6	0.9	0.9	17.4	15.5	3.3	4.2	3.3
Diff-% to median			-5%	-5%	45%	32%	189%	170%	10%	5%	27%	17%	225%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	339	75.4	120	102	85.8	383	85.3	138	115	103	441	494	548	601
EBITDA	67.8	12.4	29.0	23.9	18.7	84.0	13.8	33.4	26.8	21.7	95.6	114	124	136
Depreciation	-15.0	-4.8	-4.5	-4.6	-4.8	-18.7	-5.6	-5.3	-5.4	-5.6	-21.9	-28.4	-30.1	-33.4
EBIT (excl. NRI)	52.8	7.6	24.4	19.3	13.9	65.2	8.2	28.1	21.4	16.1	73.7	85.6	94.0	103
EBIT	52.8	7.6	24.4	19.3	13.9	65.2	8.2	28.1	21.4	16.1	73.7	85.6	94.0	103
Net financial items	-4.5	-1.3	-1.3	-1.2	-1.3	-5.1	-1.7	-1.7	-1.7	-1.7	-6.8	-7.1	-7.4	-7.5
PTP	48.4	6.3	23.1	18.1	12.6	60.1	6.5	26.4	19.7	14.4	66.9	78.5	86.6	95.3
Taxes	-9.7	-1.3	-4.6	-3.6	-2.5	-12.0	-1.3	-5.3	-3.9	-2.9	-13.4	-15.7	-17.3	-19.1
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	38.7	5.0	18.5	14.5	10.1	48.1	5.2	21.1	15.7	11.5	53.5	62.8	69.2	76.2
EPS (adj.)	0.46	0.06	0.22	0.17	0.12	0.57	0.06	0.25	0.19	0.14	0.63	0.74	0.82	0.90
EPS (rep.)	0.46	0.06	0.22	0.17	0.12	0.57	0.06	0.25	0.19	0.14	0.63	0.74	0.82	0.90

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	14.2 %	16.1 %	14.9 %	10.7 %	11.8 %	13.3 %	13.1 %	15.1 %	12.2 %	19.9 %	15.0 %	12.0 %	11.0 %	9.7 %
Adjusted EBIT growth-%	11.0 %	8.1 %	18.8 %	28.8 %	35.8 %	23.5 %	7.9 %	14.9 %	10.7 %	15.5 %	13.0 %	16.1 %	9.8 %	9.4 %
EBITDA-%	20.0 %	16.4 %	24.2 %	23.4 %	21.8 %	21.9 %	16.2 %	24.2 %	23.3 %	21.1 %	21.7 %	23.1 %	22.6 %	22.7 %
Adjusted EBIT-%	15.6 %	10.0 %	20.4 %	18.9 %	16.2 %	17.0 %	9.6 %	20.3 %	18.6 %	15.6 %	16.7 %	17.3 %	17.1 %	17.1 %
Net earnings-%	11.4 %	6.7 %	15.4 %	14.2 %	11.8 %	12.6 %	6.1 %	15.3 %	13.7 %	11.2 %	12.1 %	12.7 %	12.6 %	12.7 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	127	139	151	161	174
Goodwill	33.5	33.5	33.5	33.5	33.5
Intangible assets	16.4	16.0	16.3	16.6	16.9
Tangible assets	75.9	88.0	101	111	124
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	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	1.0	1.3	0.0	0.0	0.0
Current assets	122	142	163	187	208
Inventories	93.1	116	110	123	137
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	7.2	8.2	8.8	10.8	12.0
Cash and equivalents	21.5	18.3	44.1	53.0	59.2
Balance sheet total	249	281	314	349	383

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	85.0	102	96.0	116	135
Share capital	29.1	29.1	29.1	29.1	29.1
Retained earnings	55.9	72.7	66.9	86.8	106
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	112	122	165	173	182
Deferred tax liabilities	2.7	2.5	0.0	0.0	0.0
Provisions	0.9	1.0	0.0	0.0	0.0
Interest bearing debt	108	118	165	173	182
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	51.7	57.4	52.9	59.2	65.8
Interest bearing debt	14.6	15.0	0.0	0.0	0.0
Payables	37.1	42.4	52.9	59.2	65.8
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	249	281	314	349	383

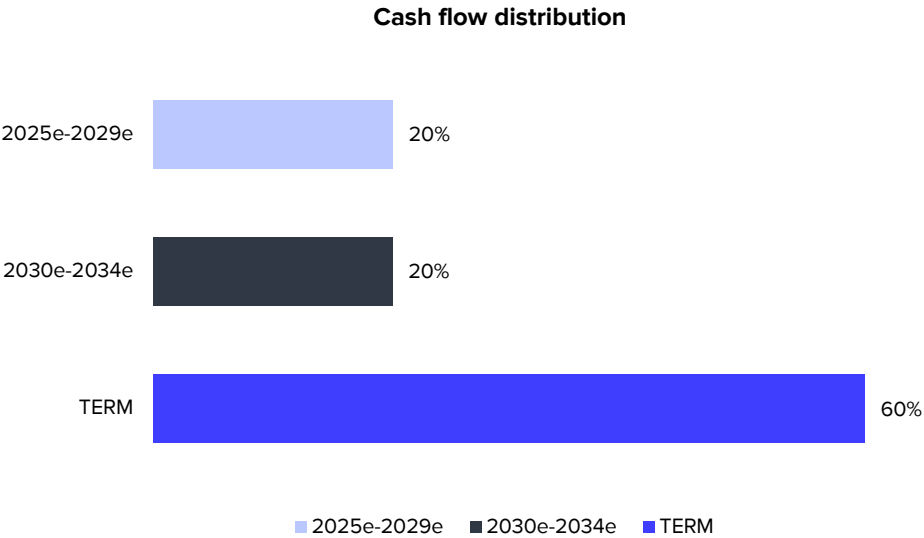
DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	13.3 %	15.0 %	12.0 %	11.0 %	9.7 %	7.5 %	7.0 %	5.0 %	3.0 %	3.0 %	1.8 %	1.8 %
EBIT-%	17.0 %	16.7 %	17.3 %	17.1 %	17.1 %	17.0 %	17.0 %	17.0 %	16.5 %	16.5 %	16.5 %	16.5 %
EBIT (operating profit)	65.2	73.7	85.6	94.0	103	110	118	123	123	127	129	
+ Depreciation	18.7	21.9	28.4	30.1	33.4	33.3	36.3	38.8	40.9	42.8	44.5	
- Paid taxes	-12.5	-14.6	-15.7	-17.3	-19.1	-20.7	-22.1	-23.2	-23.2	-23.9	-25.3	
- Tax, financial expenses	-1.0	-1.4	-1.4	-1.5	-1.5	-1.3	-1.4	-1.5	-1.5	-1.6	-1.6	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	
- Change in working capital	-18.2	15.2	-8.8	-8.3	-8.1	-6.9	-6.9	-5.3	-3.3	-3.4	-2.0	
Operating cash flow	52.3	94.9	88.0	97.0	108	114	123	132	136	141	146	
+ Change in other long-term liabilities	0.1	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-30.5	-35.1	-39.1	-43.1	-45.1	-46.6	-47.6	-48.6	-49.6	-50.6	-51.6	
Free operating cash flow	21.9	58.7	48.9	53.9	62.4	67.7	75.8	83.7	86.7	90.5	94.3	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	21.9	58.7	48.9	53.9	62.4	67.7	75.8	83.7	86.7	90.5	94.3	1497
Discounted FCFF		55.3	42.6	43.4	46.5	46.6	48.3	49.2	47.2	45.5	43.9	696
Sum of FCFF present value		1165	1109	1067	1023	977	930	882	833	786	740	696

Enterprise value DCF	1165
- Interest bearing debt	-133.1
+ Cash and cash equivalents	18.3
-Minorities	0.0
-Dividend/capital return	0.0
Equity value DCF	1050
Equity value DCF per share	12.4

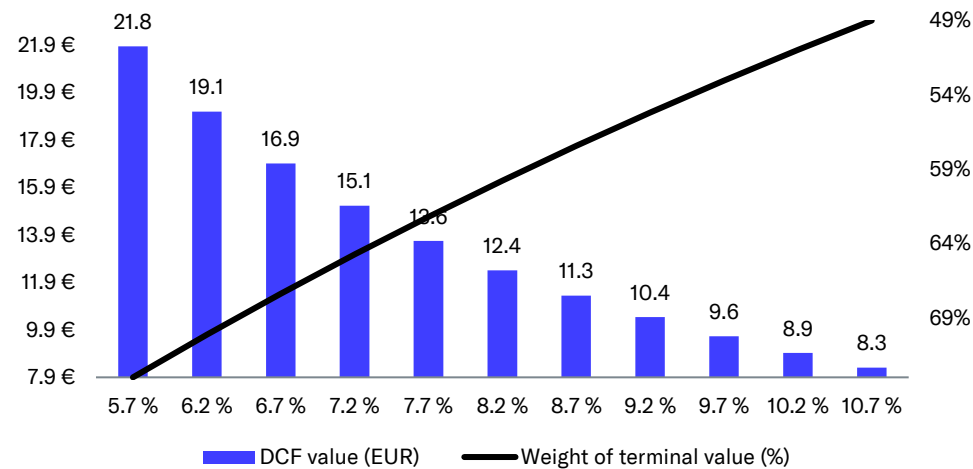
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	5.0 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	9.2 %
Weighted average cost of capital (WACC)	8.2 %

Source: Inderes

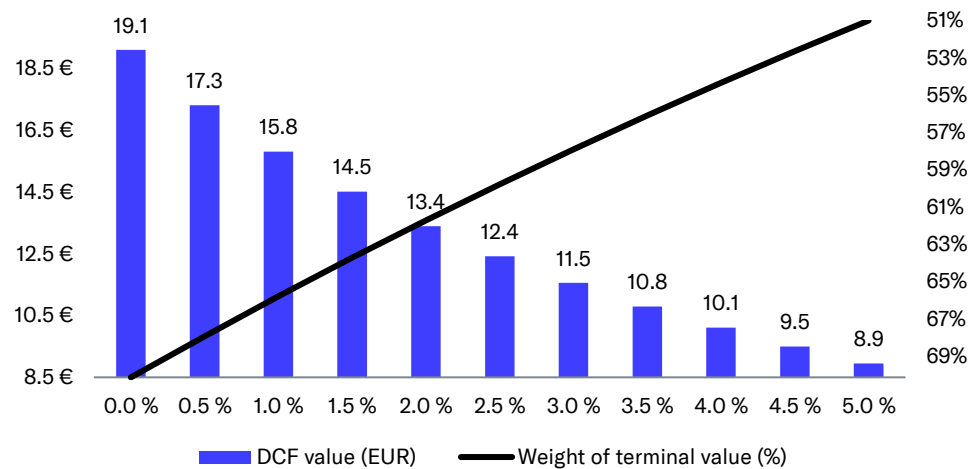


DCF sensitivity calculations and key assumptions in graphs

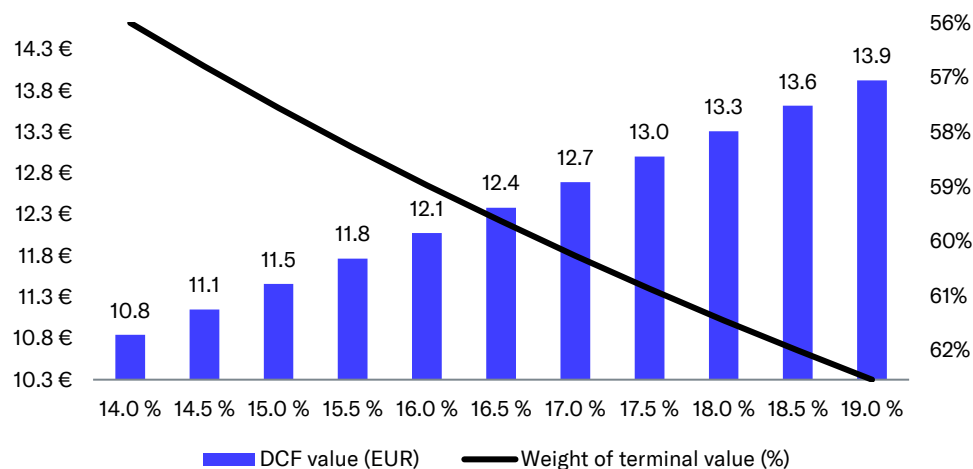
Sensitivity of DCF to changes in the WACC-%



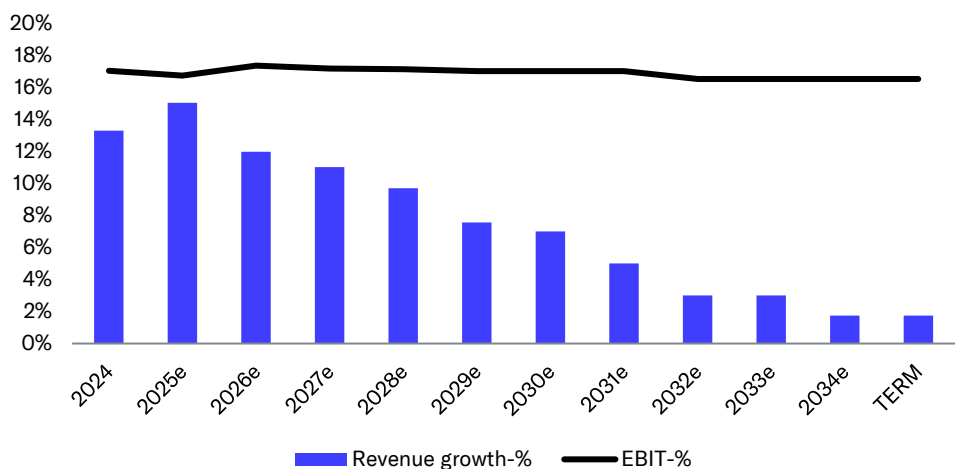
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Lähde: Inderes. Huomaa, että terminaaliarvon paino (%) on esitetty käänteisellä asteikolla selkeyden vuoksi.

Summary

Income statement	2023	2024	2025e	2026e	Per share data	2023	2024	2025e	2026e
Revenue	338.5	383.4	441.0	493.7	EPS (reported)	0.46	0.57	0.63	0.74
EBITDA	67.8	84.0	95.6	114.0	EPS (adj.)	0.46	0.57	0.63	0.74
EBIT	52.8	65.2	73.7	85.6	OCF / share	0.71	0.62	1.12	1.04
PTP	48.4	60.1	66.9	78.5	FCF / share	0.31	0.26	0.69	0.58
Net Income	38.7	48.1	53.5	62.8	Book value / share	1.00	1.20	1.13	1.37
Extraordinary items	0.0	0.0	0.0	0.0	Dividend / share	0.38	0.70	0.50	0.59
Balance sheet	2023	2024	2025e	2026e	Growth and profitability	2023	2024	2025e	2026e
Balance sheet total	248.5	280.8	313.9	348.6	Revenue growth-%	14%	13%	15%	12%
Equity capital	85.0	101.8	96.0	115.9	EBITDA growth-%	12%	24%	14%	19%
Goodwill	33.5	33.5	33.5	33.5	EBIT (adj.) growth-%	11%	24%	13%	16%
Net debt	101.3	114.8	120.9	120.5	EPS (adj.) growth-%	8%	24%	11%	17%
					EBITDA-%	20.0 %	21.9 %	21.7 %	23.1 %
Cash flow	2023	2024	2025e	2026e	EBIT (adj.)-%	15.6 %	17.0 %	16.7 %	17.3 %
EBITDA	67.8	84.0	95.6	114.0	EBIT-%	15.6 %	17.0 %	16.7 %	17.3 %
Change in working capital	0.4	-18.2	15.2	-8.8	ROE-%	48.0 %	51.5 %	54.1 %	59.2 %
Operating cash flow	60.0	52.3	94.9	88.0	ROI-%	25.9 %	29.5 %	29.7 %	31.1 %
CAPEX	-34.2	-30.5	-35.1	-39.1	Equity ratio	34.2 %	36.3 %	30.6 %	33.3 %
Free cash flow	26.7	21.9	58.7	48.9	Gearing	119.2 %	112.8 %	125.9 %	103.9 %
Valuation multiples	2023	2024	2025e	2026e					
EV/S	2.6	2.6	2.6	2.3					
EV/EBITDA	13.1	11.7	12.0	10.0					
EV/EBIT (adj.)	16.8	15.1	15.5	13.4					
P/E (adj.)	20.3	18.0	19.2	16.3					
P/B	9.2	8.5	10.7	8.8					
Dividend-%	4.1 %	6.8 %	4.2 %	4.9 %					

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
10/12/2021	Accumulate	8.50 €	7.77 €
12/17/2021	Accumulate	10.00 €	8.88 €
4/1/2022	Buy	8.50 €	6.72 €
5/27/2022	Buy	6.00 €	5.16 €
6/15/2022	Buy	6.00 €	4.79 €
9/8/2022	Buy	6.00 €	4.94 €
9/16/2022	Buy	6.00 €	4.92 €
12/16/2022	Buy	6.70 €	5.92 €
3/31/2023	Buy	7.00 €	6.11 €
5/16/2023	Accumulate	8.00 €	7.34 €
6/15/2023	Accumulate	8.00 €	7.18 €
<i>Analyst changed</i>			
9/13/2023	Accumulate	8.50 €	7.63 €
9/25/2023	Accumulate	9.00 €	7.93 €
12/14/2023	Accumulate	9.00 €	8.41 €
3/21/2024	Reduce	9.00 €	9.26 €
3/28/2024	Accumulate	10.00 €	9.18 €
4/24/2024	Accumulate	11.00 €	9.99 €
6/13/2024	Accumulate	11.50 €	10.31 €
9/13/2024	Accumulate	11.00 €	9.84 €
12/12/2024	Accumulate	11.50 €	10.07 €
12/30/2024	Accumulate	11.50 €	10.14 €
3/10/2025	Accumulate	12.00 €	11.16 €
3/28/2025	Reduce	12.00 €	12.09 €



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Inderes Ab

Vattugatan 17, 5tr
Stockholm
+46 8 411 43 80

Inderes Oyj

Porkkalankatu 5
00180 Helsinki
+358 10 219 4690

inderes.se

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