

KREATE

07/15/2025 22:30 EEST

This is a translated version of the "Tuloskasvu rakentuu loppuvuonna" report, published on 07/15/2025



Kaisa Vanha-Perttula
+358 40 966 5534
kaisa.vanha-perttula@inderes.fi

INDERES CORPORATE CUSTOMER COMPANY REPORT



Earnings growth will be built later in the year

Kreate's revenue growth exceeded our expectations in Q2, but the earnings level decreased slightly year-on-year. To meet its guidance, we believe the company needs a strong H2, where growth is underpinned by the rail projects to be added to the order book and profitability, in turn, is supported by rising volumes and easing cost pressures. We expect the valuation of the share to be moderate relative to earnings growth in the coming years, and the expected return is supported by a strong dividend yield. As our confidence in the positive drivers of the business strengthen, we raise our target price to EUR 9.2 (was EUR 8.6) and reiterate our Accumulate recommendation.

Revenue growth exceeded our expectations, while earnings fell slightly short of the comparison period

In Q2, Kreate's revenue increased by some 8% to 73.5 MEUR, exceeding our estimate of around 6%. By business area, revenue increased in both Structural engineering (+3% y/y) and Transport infrastructure construction (+12% y/y) due to projects obtained. By country, revenue development continued as strong in Sweden (+41% y/y), and revenue also turned to growth in Finland (+5% y/y),

In Q2, the company's earnings decreased slightly year-on-year to 2.2 MEUR and were a bit below our forecast (estimate 2.4 MEUR). In our view, profitability in the quarter was weakened by the company's front-loaded growth investments and the continued tight competitive situation in the industry, which manifests itself as price competition. In the bottom lines, financial expenses were slightly higher than we expected, so EPS decreased to EUR 0.14 (Q2'24: EUR 0.16) from the comparison period, also falling short of our forecast of EUR 0.15.

Positive in the report was Kreate's strengthened order book, which grew by some 40% from the comparison period to 281 MEUR. The development of the order book supports 2025 development well, and we estimate it will strengthen in the coming quarters as the railway projects in the development phase enter the work phase.

Guidance expects growth weighted towards the end of the year

Kreate reiterated its guidance in connection with its Q2 report, in which it estimates revenue to be 290-310 MEUR for the current year (2024: 275.5 MEUR) and EBITA at 9-11 MEUR (2024: 8.8 MEUR). Our forecasts for this and coming years remain unchanged, and we expect Kreate's 2025 revenue to increase by some 9% to 300 MEUR and adjusted EBITA to increase to 9.7 MEUR (EBITA-%: 3.2%). Revenue growth is driven by projects materializing from the order backlog, and railway projects in the development phase that are not yet booked in the order backlog. Profitability, in turn, is supported by growing sales volumes and an increase in the relative share of the more profitable Swedish business.

We also see this year's strengthening order backlog, the progress of large won projects, and the gradually recovering market driving Kreate's earnings growth in the coming years (2024-2027 EPS CAGR: ~25%). On the other hand, the risks include prolonged project development phases, project postponements, and other project-related risks.

Still moderate upside in valuation

We find Kreate's valuation attractive for the coming years, considering the company's earnings growth and the opportunities created by the market turnaround (2025–2026e: EV/EBIT 10x, P/E 11x), especially looking over the current year. This will also bring Kreate's profitability closer to the normalized 4% level. Based on our 2025-2026 estimates and acceptable valuation (EV/EBIT: 10-12x, P/E: 10-12x), we believe the stock has moderate upside. In addition, the dividend yield of around 6% generated by the strong cash flow increases the expected return. The DCF calculation is also well in line with our target price (EUR 9.2), supporting our recommendation.

Recommendation

Accumulate

(was Accumulate)

Target price:

EUR 9.20

(was EUR 8.60)

Share price:

EUR 8.78

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	275.5	299.8	323.7	335.0
growth-%	-14%	9%	8%	4%
EBITA	8.8	9.7	12.4	12.9
EBITA-%	3.2 %	3.2 %	3.8 %	3.8 %
Net Income	4.4	6.0	8.2	8.6
EPS (adj.)	0.43	0.67	0.92	0.96
P/E (adj.)	16.5	13.0	9.5	9.1
P/B	1.5	1.7	1.6	1.5
Dividend yield-%	7.0 %	5.8 %	6.0 %	6.2 %
EV/EBIT (adj.)	11.4	11.1	8.5	8.1
EV/EBITDA	6.1	6.4	5.5	5.2
EV/S	0.3	0.4	0.3	0.3

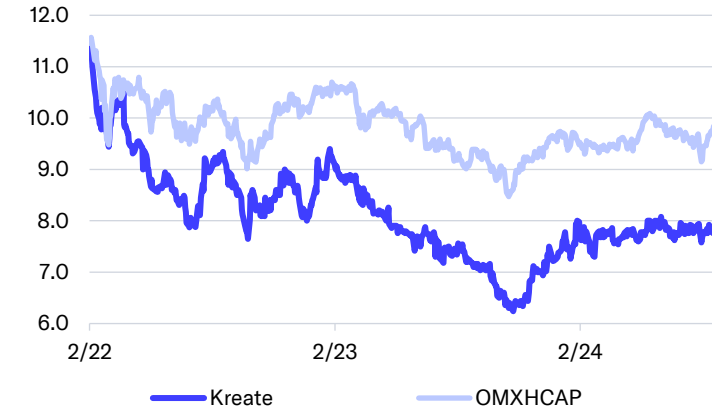
Source: Inderes

Guidance

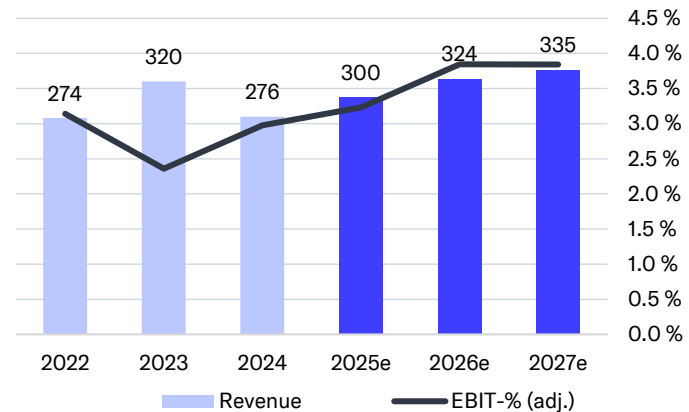
(Unchanged)

Kreate estimates that its revenue in 2025 will increase and be in the range of 290-310 MEUR (2024: 275.5 MEUR) and EBITA will increase and be in the range of 9-11 MEUR (2024: 8.8 MEUR).

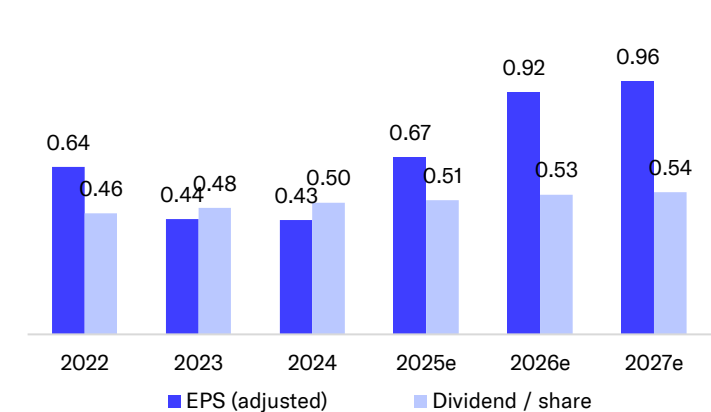
Share price



Revenue and EBIT-% (adj.)



EPS and dividend



Value drivers

- Above-market growth in the medium term
- Clear room for improvement in profitability
- Strong potential for return on capital
- Infrastructure construction is more cycle-resilient than the rest of the sector
- Competitive advantage through specialized expertise in demanding projects
- Urbanization, dense construction, sustainable development, renovation debt, safety underpin market growth prospects

Risk factors

- The sector is partly dependent on the business cycle, especially on the private side
- Stagnation of public investment
- Managing growth
- Sharing and managing the risks of large projects
- Maintaining expertise and adequacy of staff incentives
- Price competition
- Cost pressures and material availability challenges

Valuation	2025e	2026e	2027e
Share price	8.78	8.78	8.78
Market cap	78	78	78
EV	107	106	104
P/E (adj.)	13.0	9.5	9.1
P/B	1.7	1.6	1.5
EV/Sales	0.4	0.3	0.3
EV/EBITDA	6.4	5.5	5.2
EV/EBIT (adj.)	11.1	8.5	8.1
Payout ratio (%)	75.7 %	57.6 %	56.1 %
Dividend yield-%	5.8 %	6.0 %	6.2 %

Source: Inderes

A somewhat subdued start to the year calls for strong performance in H2

Revenue grew faster than we expected, driven by the strengthened order backlog

In Q2, Kreate's revenue increased by 8% to 73.5 MEUR, exceeding our forecasts (estimate: 69.1 MEUR). By business area, revenue of Structural engineering increased by some 3% to 48.5 MEUR, while Transport infrastructure revenue increased by nearly 12% to 22.8 MEUR, based on projects received. Large bridge projects have decreased, while railway construction projects have increased, which is reflected in the development of the business areas. By country, revenue developed strongly in Sweden, increasing by more than 40% to 9.0 MEUR, exceeding our 8.4 MEUR estimate. In Finland, business also developed better than we expected, with revenue growing by 5% to 64.5 MEUR (estimate: 60.7 MEUR).

Revenue development was particularly supported by Kreate's strengthened order book, which grew by some 40% year-on-year to 281 MEUR. New projects totaling 116

MEUR were added to the order backlog during the quarter, including the interior works contract for the Stockholm bypass tunnel, the construction of streets and water management in Oulu, and bridge projects in Lieksa and Säkylä. The development of the order book supports 2025 development well, and we also estimate it will strengthen in the coming quarters as the railway projects in the development phase enter the work phase.

Profitability was slightly softer than we expected

Kreate's earnings decreased a bit from the comparison period to 2.2 MEUR and were slightly below our forecast (estimate: 2.4 MEUR). The EBITA margin was thus 3.0%, while we had expected a margin of 3.5%. In our view, profitability in the quarter was weakened by the company's front-loaded growth investments and the continued tight competitive situation in the industry, which manifests itself as price competition.

In the bottom lines, financial expenses were slightly higher than we expected, so EPS decreased to EUR 0.14 (Q2'24: EUR 0.16) from the comparison period, also falling short of our forecast of EUR 0.15.

Cash flow development was brisk in H1

A small positive aspect to highlight is the improved cash flow during H1 (Q2'25 operating free cash flow: 9.3 MEUR vs. Q2'24: -6.5 MEUR), supported by favorable developments in net working capital. Kreate's financial situation also remained stable (net debt/EBITDA: 1,2x). However, successful working capital management continues to play a key role, so cash flow development is still worth monitoring as the year progresses.

Estimates	Q2'24	Q2'25	Q2'25e	Q2'25e	Consensus	Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low High	Act. vs. Inderes	Inderes
Revenue	68.0	73.5	69.1			6%	300
EBITA	2.6	2.2	2.4			-10%	9.7
EBIT	2.6	2.2	2.4			-10%	9.7
PTP	2.1	1.4	1.8			-22%	7.5
EPS (reported)	0.16	0.14	0.15			-7%	0.60
Revenue growth-%	-20.7 %	8.1 %	1.6 %			6.5 pp	8.8 %
EBITA-%	3.8 %	3.0 %	3.5 %			-0.5 pp	3.2 %

Source: Inderes

Guidance anticipates growth weighted towards the end of the year

Guidance outlining growth weighted towards the end of the year was reiterated

In its guidance, Kreate estimates its revenue for the current year at 290-310 MEUR (2024: 275.5 MEUR) and EBITA at 9-11 MEUR (2024: 8.8 MEUR). In our view, achieving the guidance requires a strong H2 from the company, with growth supported by railway projects entering the order book. In addition, the company estimates that some 169 MEUR of the order book will be realized during 2025, which we believe supports achieving the revenue guidance. Profitability, in turn, will be supported by growing sales volumes and an increase in the relative share of the more profitable Swedish business.

The Swedish market still appears favorable for Kreate, but in Finland, the market situation remains challenging, and competition in infrastructure is tight. However, at the core

of Kreate's investment story is profitability, whose potential we see as clearly higher than the current level. Achieving this requires a broader volume base, successful project deliveries, and a softening of price competition. However, the current market environment, where public sector funding is tight and private investments are modest, limits visibility into the timing of the improvement.

Estimates	Q2'24	Q2'25	Q2'25e	Q2'25e	Consensus	Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low High	Act. vs. Inderes	Inderes
Revenue	68.0	73.5	69.1			6%	300
EBITA	2.6	2.2	2.4			-10%	9.7
EBIT	2.6	2.2	2.4			-10%	9.7
PTP	2.1	1.4	1.8			-22%	7.5
EPS (reported)	0.16	0.14	0.15			-7%	0.60
Revenue growth-%	-20.7 %	8.1 %	1.6 %			6.5 pp	8.8 %
EBITA-%	3.8 %	3.0 %	3.5 %			-0.5 pp	3.2 %

Source: Inderes

Our forecasts remained unchanged

Forecasts are based on a gradual market recovery over the next year

- We made no significant changes to our estimates after the Q2 report
- The Q2 revenue beat increased our revenue estimates a smidgen, while the slightly weaker relative profitability than we expected decreased our earnings estimates a bit
- We do not expect a potential market recovery to be reflected in revenue during H2, as we estimate that capacity is largely already sold, and thus growth relies on the realization of the order backlog, with a market recovery likely to be visible only in 2026
- Growth is driven by projects materializing from the order backlog, railway projects in the development phase, and potential additional works not yet recorded in the order backlog
- Projects in the development phase should enter the construction phase in the fall of 2025
- Margin improvement this year is supported by increased volumes and an increase in the relative share of the more profitable Swedish business
- We expect growth to continue strongly in 2026-2027, as large won projects are fully underway, the order book strengthens, and the market grows

- In our view, the recovery of the market will also reduce the prevailing tight competition and the price competition seen in the sector
- Higher volumes and improved project margins as the project mix broadens will support margin improvement and earnings growth in 2026-2027

Operational earnings drivers 2025-2027

- Turnaround in the infrastructure market towards growth and rising volumes
- Moderation of cost pressures
- Leverage from rising volumes
- Realization of growth investments in rail construction and Sweden
- Easing of competitive pressure as other new construction recovers

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	295	300	1%	319	324	1%	330	335	1%
EBITA	9.9	9.7	-2%	12.1	12.4	3%	12.5	12.9	3%
EBIT	9.9	9.7	-2%	12.1	12.4	3%	12.5	12.9	3%
PTP	7.2	7.5	5%	9.9	10.2	3%	10.3	10.7	3%
EPS (excl. NRIs)	0.60	0.67	12%	0.87	0.92	6%	0.91	0.96	5%
DPS	0.51	0.51	0%	0.53	0.53	0%	0.54	0.54	0%

Source: Inderes

Still moderate upside in valuation

Moderate upside in absolute multiples

With a gradually improving market and a positive earnings trend, we forecast Kreate's earnings to grow in 2025 and push the valuation to a neutral level (2025e: EV/EBIT: 11x, P/E: 13x). During 2026, the earnings level will start to approach Kreate's normalized level of approximately 4%, at which point the valuation is very attractive (2026e: EV/EBIT: 9x, P/E: 10x). Based on forecasts for 2025-2026 and the acceptable valuation (EV/EBIT: 10-12x, P/E: 10-12x), we believe the stock has moderate upside.

If the market and Kreate's business develop as expected, we see the pricing relying more strongly on the normalized earnings level of the coming years, in which case, there would also be more upside in the valuation. The risks related to the prolonged weakness of the economic cycle and the continued tight competition, however, keep uncertainty high and, in our view, the upside potential moderate in the short term. The 6% dividend yield, enabled by the business model's normally strong cash flow and low investment need, supports the share's expected return well in the coming years. Kreate has expressed its intention to pay an increasing dividend, and we believe the company has the potential to do so, even if the dividend/earnings-% rises above 50% in the near future. The business does not require significant investments, and the company also has financing capacity for growth investments.

Valued at a discount compared to peers

A good peer group of Nordic listed companies in the industry is available for Kreate. However, in our view, the peer valuation level for 2025 is reasonably high (2025e median EV/EBIT: 11x, P/E: 15x). For 2026, the valuation for

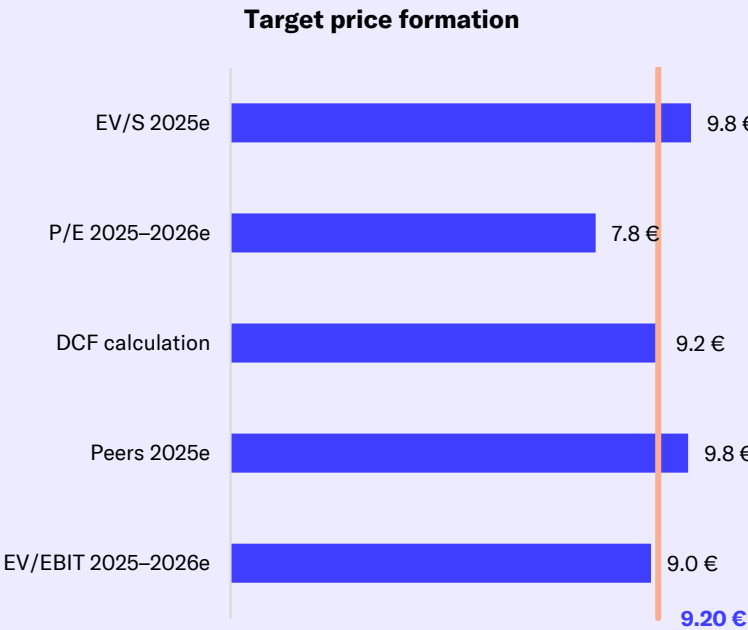
the entire group will become more moderate (2026e median EV/EBIT: 9x, P/E: 12x), and Kreate has a discount of some 3-15% to the median of the control group. In our opinion, considering Kreate's return on capital (2024 ROCE%: 13.1%) and earnings growth (2024-2027 CAGR: 18%) the discount is not justified, and we currently accept peer-level valuation for Kreate. However, the valuation of peers varies between a clear premium and a discount as forecast uncertainty for the companies is high. In this sense, we believe that relative valuation is not very useful and therefore do not give it significant weight.

The DCF model supports our target price

We also use DCF in the valuation. In our model, the company's revenue growth stabilizes at 1.5% in the terminal period after stronger medium-term growth, and the EBIT margin is 3.5% of revenue. This is below the company's target level of over 5% EBITA margin. We do not consider it justified to raise the forecast level to the target level before concrete evidence of higher profitability than in the recent past and in line with the targets. Our required return (WACC) is 9.5%, which we feel corresponds to both the average level of the companies we monitor and Kreate's risk profile relative to the companies in the entire peer group. Kreate's cost of equity is 11.0%. The DCF model estimates Kreate's share value to be approximately EUR 9.2, which is also well in line with our target price.

Valuation	2025e	2026e	2027e
Share price	8.78	8.78	8.78
Market cap	78	78	78
EV	107	106	104
P/E (adj.)	13.0	9.5	9.1
P/B	1.7	1.6	1.5
EV/Sales	0.4	0.3	0.3
EV/EBITDA	6.4	5.5	5.2
EV/EBIT (adj.)	11.1	8.5	8.1
Payout ratio (%)	75.7 %	57.6 %	56.1 %
Dividend yield-%	5.8 %	6.0 %	6.2 %

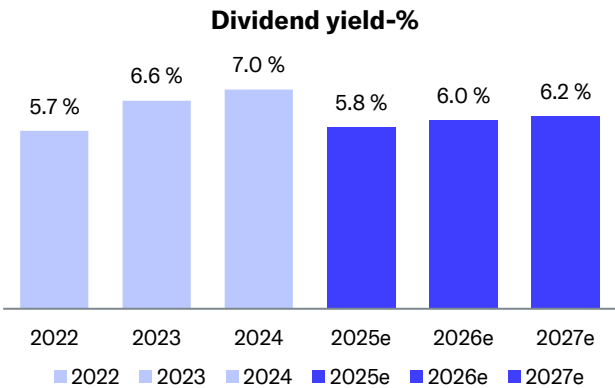
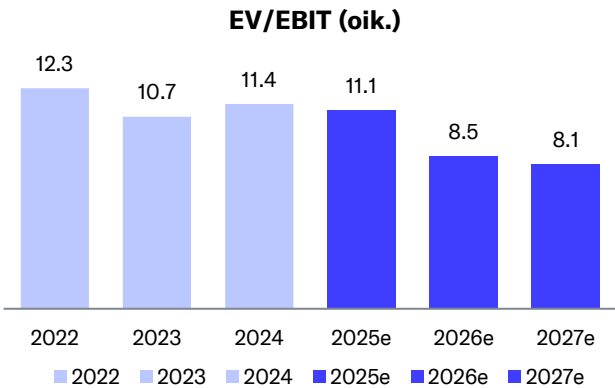
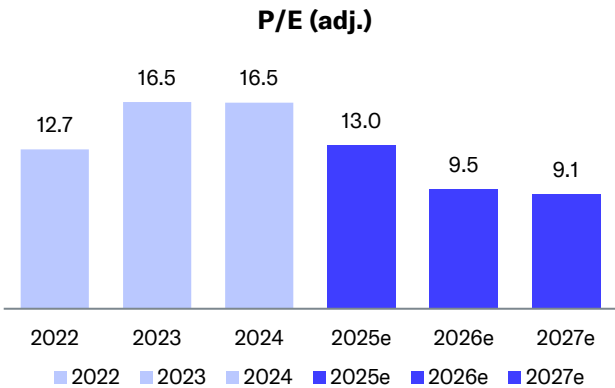
Source: Inderes



Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price		11.4	8.09	7.22	7.14	8.78	8.78	8.78	8.78
Market cap		99	73	64	64	78	78	78	78
EV	28	120	106	81	94	107	106	104	102
P/E (adj.)	0.0	12.6	12.7	16.5	16.5	13.0	9.5	9.1	8.6
P/B	0.0	2.4	1.7	1.5	1.5	1.7	1.6	1.5	1.4
EV/Sales	0.1	0.5	0.4	0.3	0.3	0.4	0.3	0.3	0.3
EV/EBITDA	2.0	8.4	7.8	5.8	6.1	6.4	5.5	5.2	4.8
EV/EBIT (adj.)	2.7	11.6	12.3	10.7	11.4	11.1	8.5	8.1	7.6
Payout ratio (%)	50.4 %	56.4 %	72.4 %	109.7 %	102.0 %	75.7 %	57.6 %	56.1 %	55.2 %
Dividend yield-%		4.0 %	5.7 %	6.6 %	7.0 %	5.8 %	6.0 %	6.2 %	6.4 %

Source: Inderes



Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/Liikevaihto		P/E		Dividend yield-%		P/B
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
YIT Oyj	624	1493	30.4	18.1	21.1	14.1	0.9	0.8		48.0		0.3	0.9
NRC Group ASA	100	170	13.7	9.1	5.7	4.8	0.3	0.3	21.8	9.8			0.7
Veidekke ASA	1913	1715	11.9	10.9	7.2	6.8	0.5	0.5	17.2	15.9	5.7	6.0	6.7
Sdiptech AB (publ)	731	731	9.4	8.4	6.6	6.1	1.5	1.4	19.2	14.8			1.7
Ncc AB	1598	1805	11.3	10.3	6.7	6.5	0.4	0.3	12.4	11.5	5.1	5.4	2.0
Peab AB	2025	3110	14.5	12.4	8.9	7.9	0.6	0.6	15.9	10.8	4.3	4.9	1.3
Skanska AB	8364	7290	10.6	9.3	8.0	7.2	0.4	0.4	13.7	12.4	4.0	4.4	1.4
SRV Yhtiot Oyj	88	222	25.4	12.6	15.9	9.7	0.3	0.3	94.2	9.7	2.8	4.7	0.7
Consti Oyj	85	89	8.9	7.4	6.4	5.7	0.3	0.3	11.3	9.2	6.8	7.0	1.9
Kreate (Inderes)	78	107	11.1	8.5	6.4	5.5	0.4	0.3	13.0	9.5	5.8	6.0	1.7
Average			13.3	9.9	8.6	7.2	0.5	0.5	22.4	14.3	4.5	4.2	1.9
Median			11.1	9.2	7.0	6.8	0.4	0.4	15.5	11.1	4.3	4.7	1.6
Diff-% to median			0%	-8%	-9%	-19%	-9%	-14%	-16%	-14%	36%	28%	12%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	273.9	320.0	54.4	68.0	77.6	75.5	275.5	52.4	73.5	84.7	89.2	299.8	323.7	335.0	343.5
Finland	0.0	298	47.9	61.6	67.5	65.6	242.6	44.9	64.5	73.6	76.8	259.8	276.7	283.3	288.7
Sweden	0.0	22.5	6.5	6.4	10.1	9.9	32.9	7.5	9.0	11.1	12.4	40.0	47.0	51.7	54.8
EBITDA	13.6	14.0	1.6	4.1	4.7	4.9	15.3	1.7	4.0	5.2	5.9	16.9	19.4	20.2	21.2
Depreciation	-5.0	-6.4	-1.4	-1.5	-1.6	-2.1	-6.6	-1.7	-1.8	-1.6	-2.1	-7.2	-7.0	-7.3	-7.9
EBITA	8.8	7.8	0.3	2.6	3.1	2.8	8.8	0.0	2.2	3.6	3.8	9.7	12.4	12.9	13.4
EBIT (excl. NRI)	8.6	7.6	0.2	2.6	3.1	2.3	8.2	0.0	2.2	3.6	3.8	9.7	12.4	12.9	13.4
EBIT	8.6	7.6	0.2	2.6	3.1	2.8	8.7	0.0	2.2	3.6	3.8	9.7	12.4	12.9	13.4
Net financial items	-1.9	-2.9	-0.8	-0.5	-0.7	-0.8	-2.8	0.0	-0.8	-0.8	-0.6	-2.2	-2.2	-2.2	-2.1
PTP	6.7	4.7	-0.6	2.1	2.4	2.0	5.9	0.0	1.4	2.8	3.2	7.5	10.2	10.7	11.3
Taxes	-1.1	-0.7	0.1	-0.5	-0.6	-0.4	-1.3	0.2	-0.4	-0.6	-0.7	-1.4	-1.9	-2.0	-2.1
Minority interest	0.2	-0.2	-0.1	-0.2	-0.1	0.1	-0.2	-0.1	0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Net earnings	5.8	3.7	-0.6	1.4	1.8	1.8	4.4	0.1	1.2	2.2	2.5	6.0	8.2	8.6	9.0
EPS (adj.)	0.64	0.44	-0.07	0.16	0.20	0.20	0.49	0.01	0.14	0.24	0.28	0.67	0.92	0.96	1.02
EPS (rep.)	0.64	0.44	-0.07	0.16	0.20	0.20	0.49	0.01	0.14	0.24	0.28	0.67	0.92	0.96	1.02

Key figures	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	15.3 %	16.8 %	-17.3 %	-20.7 %	-12.1 %	-5.9 %	-13.9 %	-3.7 %	8.1 %	9.2 %	18.1 %	8.8 %	8.0 %	3.5 %	2.5 %
Oikaistun EBITA:n kasvu-%	-16.9 %	-10.5 %	-77.3 %	9.2 %	4.4 %	22.6 %	12.0 %	-100.0 %	-15.4 %	17.7 %	36.1 %	10.5 %	28.5 %	3.4 %	3.8 %
Oikaistu EBITA-%	3.2 %	2.4 %	0.5 %	3.8 %	4.0 %	3.7 %	3.2 %	0.0 %	3.0 %	4.3 %	4.3 %	3.2 %	3.8 %	3.8 %	3.9 %
Adjusted EBIT-%	3.1 %	2.4 %	0.4 %	3.8 %	4.0 %	3.1 %	3.0 %	0.0 %	3.0 %	4.3 %	4.3 %	3.2 %	3.8 %	3.8 %	3.9 %

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	75.6	75.8	77.7	80.0	82.2
Goodwill	40.0	40.4	40.4	40.4	40.4
Intangible assets	0.5	0.3	0.4	0.4	0.4
Tangible assets	23.3	23.5	25.3	27.6	29.8
Associated companies	10.5	10.5	10.5	10.5	10.5
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.3	0.2	0.2	0.2	0.2
Deferred tax assets	1.0	0.9	0.9	0.9	0.9
Current assets	59.0	55.6	57.7	62.2	64.3
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.7	0.7	0.7	0.7	0.7
Receivables	34.6	44.1	45.0	48.5	50.2
Cash and equivalents	23.6	10.8	12.0	12.9	13.4
Balance sheet total	135	131	135	142	147

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	42.9	43.6	45.1	48.8	52.6
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	24.0	25.2	26.7	30.4	34.2
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	18.7	18.0	18.0	18.0	18.0
Minorities	0.1	0.3	0.3	0.3	0.3
Non-current liabilities	33.9	34.5	37.1	35.5	34.6
Deferred tax liabilities	1.5	1.4	1.0	1.0	1.0
Provisions	3.1	3.3	3.3	3.3	3.3
Interest bearing debt	29.4	29.8	32.8	31.2	30.3
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	57.9	53.3	53.1	58.0	59.3
Interest bearing debt	11.0	10.9	7.9	9.1	8.8
Payables	46.8	42.1	45.0	48.5	50.2
Other current liabilities	0.0	0.3	0.3	0.3	0.3
Balance sheet total	135	131	135	142	147

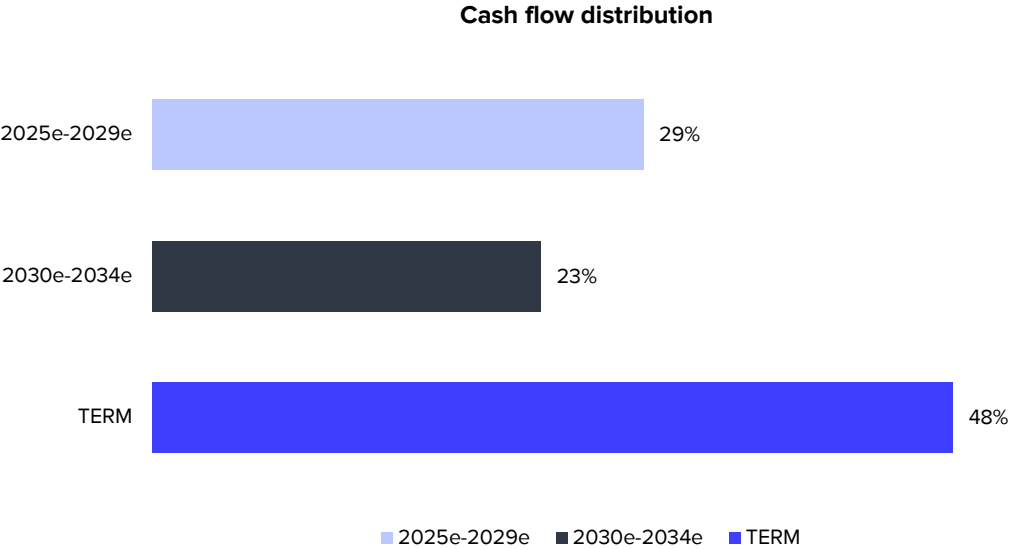
DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-13.9 %	8.8 %	8.0 %	3.5 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	1.5 %	1.5 %
EBIT-%	3.2 %	3.2 %	3.8 %	3.8 %	3.9 %	4.1 %	4.0 %	4.0 %	4.0 %	3.5 %	3.5 %	3.5 %
EBIT (operating profit)	8.7	9.7	12.4	12.9	13.4	14.4	14.3	14.6	14.9	13.3	13.5	
+ Depreciation	6.6	7.2	7.0	7.3	7.9	8.3	8.7	9.1	9.3	9.6	9.8	
- Paid taxes	-1.3	-1.8	-1.9	-2.0	-2.1	-2.4	-2.4	-2.5	-2.5	-2.3	-2.3	
- Tax, financial expenses	-0.6	-0.4	-0.4	-0.4	-0.4	-0.4	-0.3	-0.3	-0.3	-0.3	-0.3	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-13.9	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	-0.6	16.7	17.0	17.7	18.7	20.0	20.3	20.9	21.4	20.3	20.7	
+ Change in other long-term liabilities	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-6.9	-9.1	-9.3	-9.5	-9.7	-9.8	-10.0	-10.1	-10.2	-10.3	-10.3	
Free operating cash flow	-7.3	7.6	7.8	8.3	9.0	10.1	10.3	10.8	11.2	10.0	10.4	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-7.3	7.6	7.8	8.3	9.0	10.1	10.3	10.8	11.2	10.0	10.4	131
Discounted FCFF		7.2	6.8	6.6	6.6	6.7	6.2	6.0	5.7	4.6	4.4	55.4
Sum of FCFF present value		116	109	102	95.6	89.0	82.3	76.0	70.1	64.4	59.8	55.4
Enterprise value DCF		116										
- Interest bearing debt		-40.7										
+ Cash and cash equivalents		10.8										
-Minorities		-0.5										
-Dividend/capital return		-4.4										
Equity value DCF		81.4										
Equity value DCF per share		9.2										

WACC

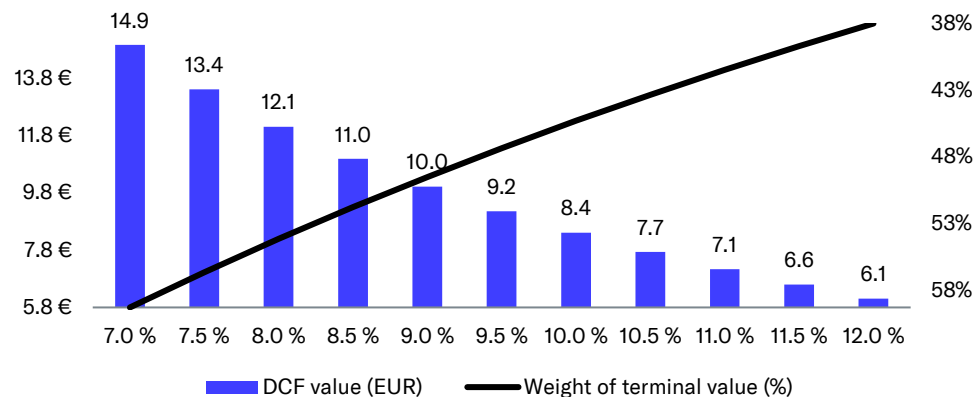
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.5 %
Equity Beta	1.50
Market risk premium	4.75%
Liquidity premium	1.40%
Risk free interest rate	2.5 %
Cost of equity	11.0 %
Weighted average cost of capital (WACC)	9.5 %

Source: Inderes

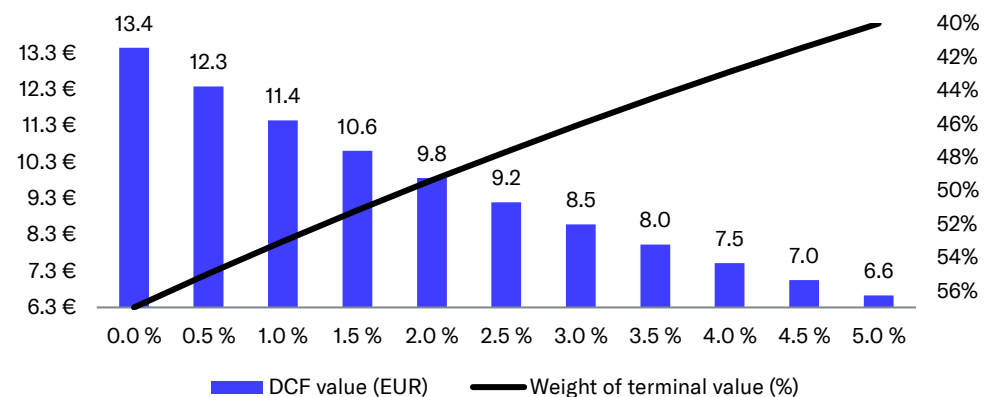


DCF sensitivity calculations and key assumptions in graphs

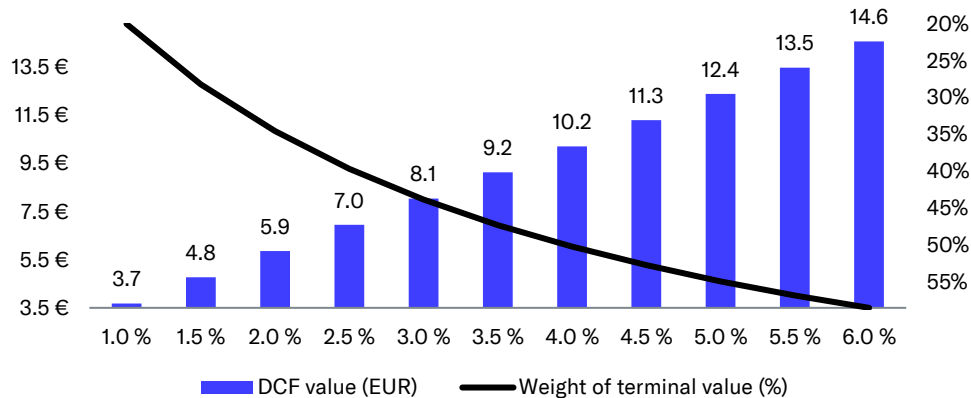
Sensitivity of DCF to changes in the WACC-%



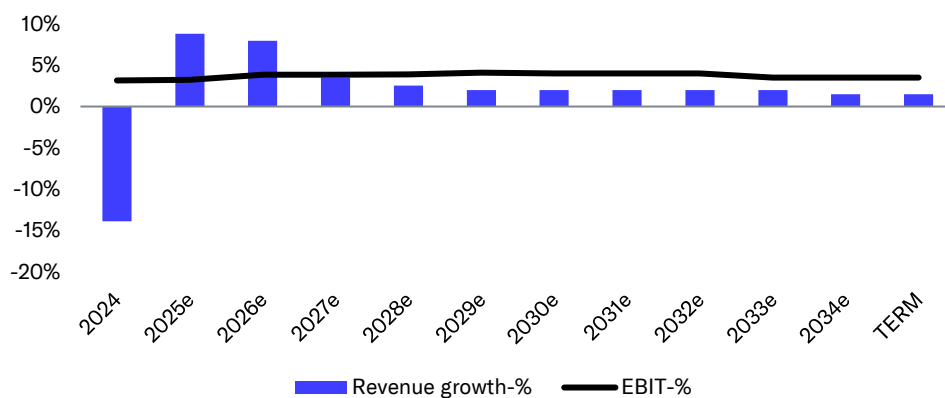
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Summary

Income statement	2023	2024	2025e	2026e	Per share data	2023	2024	2025e	2026e
Revenue	320.0	275.5	299.8	323.7	EPS (reported)	0.44	0.49	0.67	0.92
EBITDA	14.0	15.3	16.9	19.4	EPS (adj.)	0.44	0.43	0.67	0.92
EBIT	7.6	8.7	9.7	12.4	OCF / share	3.25	-0.07	1.87	1.92
PTP	4.7	5.9	7.5	10.2	FCF / share	2.64	-0.82	0.85	0.87
Net Income	3.9	4.4	6.0	8.2	Book value / share	4.81	4.87	5.04	5.45
Extraordinary items	0.0	0.5	0.0	0.0	Dividend / share	0.48	0.50	0.51	0.53
Balance sheet	2023	2024	2025e	2026e	Growth and profitability	2023	2024	2025e	2026e
Balance sheet total	134.6	131.4	135.4	142.2	Revenue growth-%	17%	-14%	9%	8%
Equity capital	42.9	43.6	45.1	48.8	EBITDA growth-%	3%	9%	11%	15%
Goodwill	40.0	40.4	40.4	40.4	EBIT (adj.) growth-%	-12%	9%	18%	28%
Net debt	16.7	29.9	28.7	27.4	EPS (adj.) growth-%	-31%	-1%	55%	37%
Cash flow	2023	2024	2025e	2026e	EBITDA-%	4.4 %	5.5 %	5.6 %	6.0 %
EBITDA	14.0	15.3	16.9	19.4	EBIT (adj.)-%	2.4 %	3.0 %	3.2 %	3.8 %
Change in working capital	15.9	-13.9	2.0	0.0	EBIT-%	2.4 %	3.2 %	3.2 %	3.8 %
Operating cash flow	28.9	-0.6	16.7	17.0	ROE-%	9.1 %	10.1 %	13.6 %	17.5 %
CAPEX	-6.8	-6.9	-9.1	-9.3	ROI-%	9.0 %	10.4 %	11.4 %	14.2 %
Free cash flow	23.4	-7.3	7.6	7.8	Equity ratio	31.9 %	33.2 %	33.4 %	34.3 %
Valuation multiples	2023	2024	2025e	2026e	Gearing	39.0 %	68.6 %	63.6 %	56.1 %
EV/S	0.3	0.3	0.4	0.3					
EV/EBITDA	5.8	6.1	6.4	5.5					
EV/EBIT (adj.)	10.7	11.4	11.1	8.5					
P/E (adj.)	16.5	16.5	13.0	9.5					
P/B	1.5	1.5	1.7	1.6					
Dividend-%	6.6 %	7.0 %	5.8 %	6.0 %					

Source: Inderes

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

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

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

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

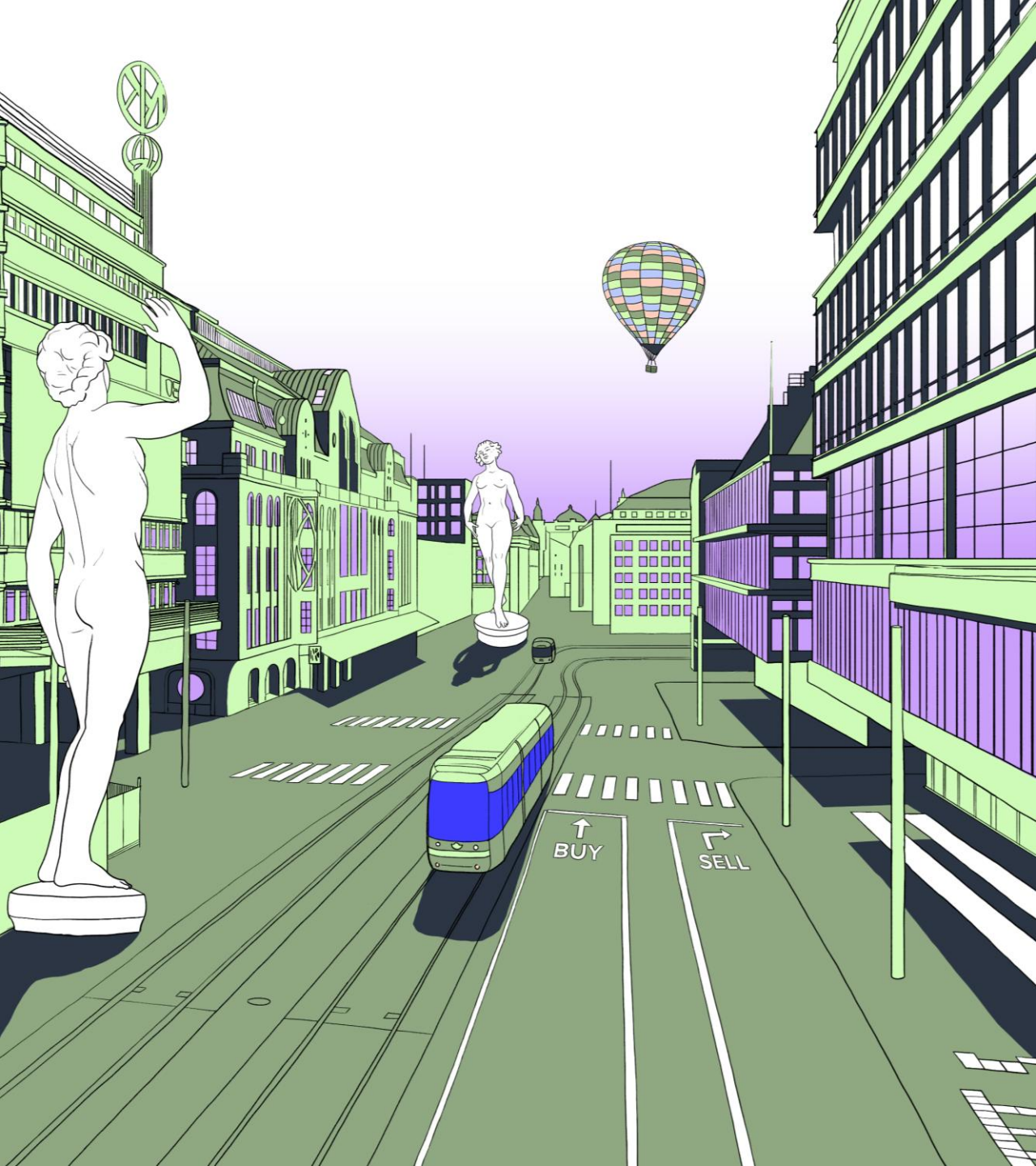
Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
11/22/2021	Buy	13.00 €	10.75 €
11/24/2021	Buy	13.00 €	11.45 €
1/27/2022	Accumulate	13.00 €	11.75 €
4/27/2022	Buy	12.00 €	9.00 €
7/28/2022	Buy	12.00 €	8.80 €
10/4/2022	Buy	11.00 €	8.02 €
10/27/2022	Buy	11.00 €	8.45 €
11/21/2022	Accumulate	10.50 €	8.92 €
1/12/2023	Accumulate	10.50 €	9.05 €
2/1/2023	Accumulate	10.50 €	9.30 €
5/2/2023	Accumulate	9.00 €	7.94 €
7/12/2023	Reduce	7.90 €	7.58 €
7/20/2023	Accumulate	7.90 €	7.44 €
10/26/2023	Accumulate	7.00 €	6.32 €
11/28/2023	Accumulate	7.30 €	6.84 €
2/1/2024	Accumulate	8.50 €	7.94 €
4/29/2024	Accumulate	8.50 €	7.80 €
7/17/2024	Accumulate	8.50 €	7.82 €
10/1/2024	Accumulate	9.00 €	8.36 €
10/28/2024	Reduce	8.80 €	8.36 €
1/13/2025	Accumulate	8.00 €	7.30 €
2/6/2025	Accumulate	8.00 €	7.50 €
4/25/2025	Accumulate	8.60 €	7.92 €
7/15/2025	Accumulate	9.20 €	8.78 €



CONNECTING INVESTORS AND COMPANIES.

Inderes connects investors and listed companies.

We serve over 400 Nordic listed companies that want to better serve investors. The Inderes community is home to over 70,000 active investors.

We provide listed companies with solutions that enable seamless and effective investor relations. The Inderes service is built on four cornerstones for high-quality investor relations: Equity Research, Events, IR Software, and Annual General Meetings (AGM).

Inderes operates in Finland, Sweden, Norway, and Denmark and is listed on the Nasdaq First North Growth Market.

Inderes was created by investors, for investors.

Inderes Ab

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

Inderes Oyj

Porkkalankatu 5
00180 Helsinki
+358 10 219 4690

inderes.se

inderes.fi