KOSKISEN

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COMPANY REPORT

Trend is upward despite miss in Q3

We reiterate our EUR 9.00 target price and Reduce recommendation for Koskisen. Koskisen's Q3 report was disappointing in terms of earnings, but this was partly due to one-off factors, and the changes to forecasts for the coming years were ultimately fairly minor. We see clear earnings growth potential for Koskisen in the coming years, as the construction cycle gradually recovers and the company's substantial investments over the past years reach fruition. However, we believe this has already been adequately priced into the share price, which has risen by more than 30% this year, meaning the expected return on the share over a 12-month horizon remains close to the required return.

Q3 was difficult for Koskisen again this year

In the seasonally slow Q3, Koskisen's revenue increased by 22% to 84 MEUR and adjusted EBITDA decreased by 24% to 2.9 MEUR. Growth and profitability both fell quite clearly short of our and consensus estimates. Q3 was particularly weak in terms of earnings for the Panel Industry, which fell to the break-even point, though this was also partly due to one-off factors. We commented on Koskisen's Q3 result in more detail on Friday here.

Big picture of forecast scenario largely unchanged

Koskisen reiterated its guidance for 2025 according to which revenue will grow from last year (2024: 282 MEUR revenue) and the adjusted EBITDA margin will be 7-11%. This was entirely expected, and we predict that Koskisen will achieve the guidance. In terms of the market situation, the report did not contain any clear signs of recovery, as construction remains stagnant globally and demand in the logistics sector is also sluggish due to factors such as regulatory uncertainty. Although the decline in the market price of wood is a positive driver, this will only be reflected in Koskisen's income statement after a considerable delay.

We lowered our revenue estimates for Koskisen by 2-4% over the next few years due to rates of expected growth in volumes and prices for both units. The next turning point for the construction sector and Koskisen's main market area in Europe will be positive by default, although we will have to wait until next year for it to happen. The decline in revenue forecasts was reflected in earnings forecasts in the Panel Industry. In the Sawn Timber Industry, the decline in wood cost projections slightly raised forecasts. The group's EBITDA estimates fell by 2-9% in the near term. We expect Koskisen's revenue and EBITDA to continue to grow, driven by the gradual recovery of the construction cycle, investment efficiency gains and the acquisition of Iisveden Metsä (Q3'25 LTM-2027e adj. EBITDA CAGR 25%). Persistently high raw material prices will limit profitability in our estimates despite revenue growth, and we expect the company to fall well short of its margin targets (cf. over 15% EBITDA-% over the cycle vs. 2026e-2027e adj. EBITDA-% approximately 11%).

Expected return still quite neutral

Koskisen's EV/EBITDA ratios for 2025 and 2026, which consider the healthy balance sheet, are around 8x and 6x, and the corresponding P/E ratios are 20x and 11x. The multiples are weighted above the ranges we accept for this year and are approximately halfway through for next year, taking into account the company's estimated return on capital and risk profile. We consider this to be a fairly neutral overall picture, given the somewhat balanced positive and negative risks associated with the forecasts. The DCF value of the share is roughly at the level of the current price and our target price, at around EUR 9 per share. Thus, Koskisen's expected return based on earnings growth, falling multiples (Q3'25 LTM P/E >20x) and a dividend yield of around 2% is, in our view, lower than the required return. As the European economy and construction sector recover, the company could see earnings growth continue even further. This would also be a strong medium-term driver for the stock, but for now, we believe the overall picture remains neutral following this year's price increase of over 30%.

Recommendation
Reduce
(was Reduce)

Target price:
EUR 9.00
(was EUR 9.00)

Share price:
EUR 9.08

Business risk
●●●●○

Valuation risk
●●●○○

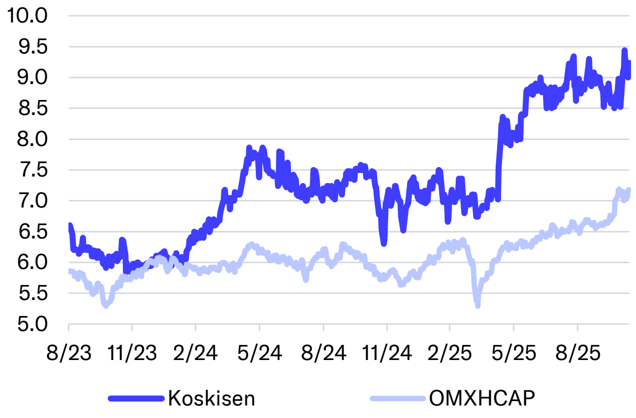
	2024	2025e	2026e	2027e
Revenue	282.2	354.7	405.1	436.1
growth-%	4%	26%	14%	8%
EBIT adj.	13.1	17.0	27.8	31.8
EBIT-% adj.	4.7 %	4.8 %	6.9 %	7.3 %
Net Income	8.3	10.9	19.3	23.5
EPS (adj.)	0.36	0.46	0.80	0.98
P/E (adj.)	19.1	19.9	11.3	9.3
P/B	1.1	1.3	1.2	1.1
Dividend yield-%	1.7 %	2.2 %	2.8 %	3.3 %
EV/EBIT (adj.)	14.8	15.4	9.1	7.5
EV/EBITDA	8.0	8.4	5.9	5.0
EV/S	0.7	0.7	0.6	0.5

Source: Inderes

Guidance (Unchanged)

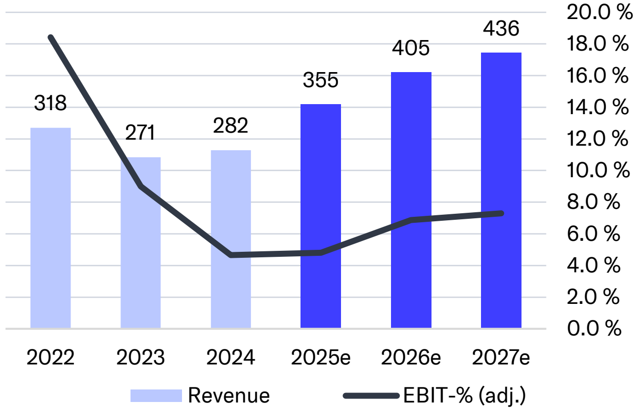
Koskisen group's revenue for 2025 is expected to grow from the 2024 level. The adjusted EBITDA margin is expected to be 7-11%.

Share price



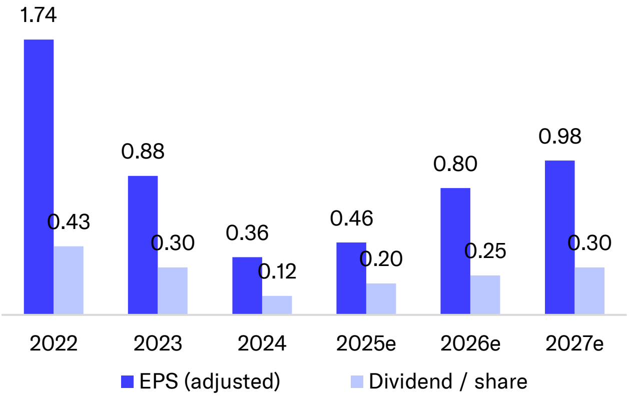
Source: Millistream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Healthy long-term demand trends
- Increasing exports and finding customers who appreciate customization
- Potential for improvement in the level of profitability
- Business generates value (ROIC>WACC) in a favorable cycle
- War-related supply disruptions help Panel Industry for the foreseeable future

Risk factors

- Cyclicality of demand
- Tight competition situation in for Sawn Timber Industry
- Removal of the supply disruptions in Panel Industry
- Tight timber market in Finland

Valuation	2025e	2026e	2027e
Share price	9.08	9.08	9.08
Number of shares, millions	23.7	24.1	24.1
Market cap	219	219	219
EV	262	252	239
P/E (adj.)	19.9	11.3	9.3
P/E	19.7	11.3	9.3
P/B	1.3	1.2	1.1
P/S	0.6	0.5	0.5
EV/Sales	0.7	0.6	0.5
EV/EBITDA	8.4	5.9	5.0
EV/EBIT (adj.)	15.4	9.1	7.5
Payout ratio (%)	44.2 %	31.2 %	30.7 %
Dividend yield-%	2.2 %	2.8 %	3.3 %

Source: Inderes

Earnings development unexpectedly turned downwards in Q3

Rapid growth, though revenue fell short of our estimate

Koskisen's revenue grew 24% from a low comparison figure in a seasonally quiet Q3, which was about 5% below our and the consensus estimates. As expected, growth was fully driven by increased volumes and prices in the Sawn Timber Industry, but the growth rate did not reach our forecasted level. Growth in the Sawn Timber Industry was supported inorganically by Iisveden Metsä, which was included in Koskisen's figures for the first time in Q3 for a full quarter. While the report did not directly reveal the organic growth rate, our preliminary assessment is that growth in the Sawn Timber Industry fell short of our expectations, particularly in terms of average prices, as the approximately 11 MEUR in revenue generated by Iisveden Metsä in Q3 roughly aligned with our expectations and the volumes in Sawn Timber Industry were also well in line with our estimates. Panel Industry revenue was largely flat year-on-year, as expected, with the market situation and a slightly extended investment shutdown keeping volumes and average prices fairly stable.

Panel Industry result slumped to break-even point

Koskisen's adjusted EBITDA fell approximately 22% in Q3, to an unsatisfactory level of 2.9 MEUR, from the comparison period. Earnings development was significantly weaker than our expectations and those of the consensus. The main reason for the earnings miss was the Panel Industry's decline to the break-even point in terms of EBITDA, caused by the negative impact of the aforementioned investment shutdown on volumes and product mix, the high price of birch logs, and a non-recurring write-down of 0.9 MEUR on inventory. Earnings accumulation in the Sawn Timber Industry also fell short of estimates due to lower-than-expected revenue but Iisveden Metsä's contribution to the unit's results was likely still minimal as well. The group's cost structure increased and profitability remained challenged by high log prices because, in Q3, the company mainly used wood reserves purchased at higher prices at the beginning of the year than current market prices. Unlike we expected, the Other segment's result was slightly positive due to the recognition of negative goodwill related to the acquisition of Iisveden Metsä. Lower down, depreciation and finance costs slightly exceeded our estimates, while taxes were recorded as a positive item. Koskisen's loss at the EPS level deepened in Q3 from the comparison period to EUR 0.07, falling quite short of forecasts, particularly in terms of the operating result. Cash flow, on the other hand, remained flat year-on-year at around 4 MEUR in Q3.

Financial position still on solid footing

Koskisen’s net gearing at the end of Q3 was a moderate 25% (Q3’24: net gearing 8%). As such, we believe the company's balance sheet is in good condition, despite significant capital allocation in recent years for the implementation of the growth strategy, due to the acquisition of Iisveden Metsä and investments in recent years. Investments also continue, especially in the Panel Industry and in increasing the drying capacity of Järvelä's new sawmill, though the pace of organic investments is likely slowing down.

Estimates MEUR / EUR	Q3'24 Comparison	Q3'25 Actualized	Q3'25e Inderes	Q3'25e Consensus	Consensus Low	 High	Difference (%) Act. vs. inderes	2025e Inderes
Revenue	67.8	83.8	87.9	87.1	0.0 -	0.0	-5%	355
EBITDA (adj.)	3.7	2.9	4.6	5.0	0.0 -	0.0	-37%	31.4
EPS (reported)	-0.02	-0.07	0.00	0.01	0.00 -	0.00		0.46
Revenue growth-%	22.3 %	23.6 %	29.6 %	28.4 %	-100.0 % -	-100.0 %	-6 pp	25.7 %
EBITDA-% (adj.)	5.5 %	3.5 %	5.2 %	5.7 %	-		-1.8 pp	8.9 %

Source: Inderes & Modular Finance (consensus)

We slightly lowered our estimates for Panel Industry

Guidance remained unchanged quite as expected

Koskisen reiterated its guidance for 2025, which states that revenue will grow from last year (2024: 282 MEUR revenue) and the adjusted EBITDA margin will be 7-11%. This comes as no surprise, as the company does not typically elaborate on its guidance with adjectives. Koskisen is well on track toward achieving its guidance, and we expect it to do so. In terms of the market situation, the report did not contain any clear signs, as construction is stagnant globally and demand in the logistics sector is also sluggish due to factors such as regulatory uncertainty. Although the decline in the market price of wood is a positive driver, this will only be reflected in Koskisen's income statement after a long delay.

Koskisen's market situation is sluggish and uncertain, and construction shows no significant signs of recovery, as the US's volatile and aggressive tariff policy maintains economic uncertainty and consumers remain cautious. Therefore, it does not appear that any assistive boost is forthcoming, but on the other hand, we do not believe that the market situation is weakening in the construction and logistics value chains relevant to Koskisen, provided that no new major risks related to trade and geopolitics materialize. The profitability of by-product sales in the energy sector will likely decline during the next heating season (Q4 and Q1'26), as wood chip stocks remain high following the warm winter of 2024/2025 and prices are under pressure. The company's recent launch of briquette production should reduce the burden to some extent.

Changes in forecasts were nevertheless quite minor

We slightly lowered our revenue estimates for Koskisen by 2-4% over the next few years due to rates of expected growth in volumes and prices for both units. The next turning point for the construction sector and Koskisen's main market area in Europe will be positive by default, although we will probably have to wait until next year for the recovery to kick in. The decline in revenue forecasts was reflected in earnings forecasts in the Panel Industry. In the Sawn Timber Industry, the decline in wood cost projections slightly raised forecasts. The group's EBITDA estimates fell by 9% for this year (incl. Q3 shortfall) and by 2-3% for the coming years. Although we expect the company to continue growing steadily in the coming years, the continued high raw material prices will still limit the improvement in profitability in our forecast, and we do not believe the price of wood will decrease in the long term, should the economic situation in Europe improve and industrial demand recover.

Our forecasts are clearly below Koskisen's target of over 15% EBITDA (2025e-2027e 10-11%). Our projections for the coming years are also slightly below consensus estimates in terms of EBITDA, mainly due to differences in profitability assumptions, and quite clearly below consensus in terms of bottom lines. The main risks to our forecasts are the global economy, wood raw material prices, competition, tariffs and the end of the war in Ukraine. The latter two factors may have unpredictable indirect positive and/or negative effects on Koskisen's market.

Estimate revisions MEUR / EUR	2025e Old	2025e New	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
Revenue	364	355	-3%	420	405	-4%	446	436	-2%
EBITDA	34.3	31.3	-9%	44.5	43.1	-3%	48.7	47.5	-2%
EBIT (exc. NRIs)	20.0	17.0	-15%	29.2	27.8	-5%	32.6	31.8	-2%
EBIT	20.1	17.1	-15%	29.2	27.8	-5%	32.6	31.8	-2%
PTP	16.7	13.5	-19%	25.6	24.2	-5%	29.0	28.7	-1%
EPS (excl. NRIs)	0.56	0.46	-19%	0.85	0.80	-5%	0.99	0.98	-1%
DPS	0.20	0.20	0%	0.25	0.25	0%	0.30	0.30	0%

Source: Inderes

Valuation picture still quite neutral overall

Main focus on earnings multiples

We focus on earnings-based multiples in Koskisen's valuation. We feel acceptable EV/EBITDA ratios for Koskisen are roughly 4-7x, considering the growth and profitability levels of the business and the risk profile. The acceptable P/E based valuation range is 10x-14x in our opinion. On an annual basis, the multiples may occasionally stretch to a wide range, especially due to the strong cyclicality of the Sawn Timber Industry, particularly during cyclical turning points.

Valuation picture quite neutral

With our 2024 and 2025 estimates, Koskisen's P/E ratios are around 20x and 11x and corresponding EV/EBITDA ratios are around 8x and 6x. Thus, the share is priced above our acceptable valuation ranges based on the current year's multiples and around the midpoints of the ranges based on next year's improved, but still uncertain, earnings-level multiples. Therefore, we believe the valuation is rather neutral on earnings multiples, considering the positive and negative risks related to the estimated earnings improvement.

The balance sheet-based P/B of 1.3x (Q3'25 ACT) is also at a reasonable level, as our forecasts for Koskisen's average ROCE and ROE moderately exceed our estimate of the company's cost of capital. We have not made any revisions to Koskisen's required return in this update. However, a more pronounced increase in the balance sheet valuation would require more robust value creation than our current projections (i.e. ROCE-% > WACC-%). Balance sheet-based valuation would also not, in our view, support the share if forecast risks were to materialize, as even balance sheet valuations below the balance sheet value of equity are not uncommon in the industry.

Given this overall picture, we estimate that the expected return on Koskisen's stock, consisting of a fairly clear earnings growth, a clear valuation downside (Q3'25 LTM P/E >20x) and a dividend yield of around 2%, remains roughly in line with our required return. The expected return would turn more clearly positive in the medium term if Koskisen could raise its profitability to its target of over 15% adj. EBITDA-% or even close to it (cf. our estimated adj. EBITDA-%: 10-11%). At best, this will only be possible when a better cycle arrives, which is beyond our target price horizon of more than 12 months, as achieving the target would, in our estimation, require significantly stronger demand from the construction market than is currently the case, as well as a better pricing situation enabled by it.

DCF value approximately at the share price level

In relative terms, with 2024 and 2025 estimates Koskisen is priced at a discount relative to the loosely connected peer group with high earnings multiples. The interpretation of peer valuation is currently weakened by the modest performance of many peers. On a balance sheet and volume basis, Koskisen's valuation is at a premium. The overall picture of the relative valuation is therefore ambiguous and, in our view, it does not support a strong view in either direction.

Our DCF model for Koskisen indicates a share value of around EUR 9 per share, which is at approximately our target price level. This, like the other methods, supports our view that the share valuation has risen to neutral with a price increase of over 30% this year.

Valuation	2025e	2026e	2027e
Share price	9.08	9.08	9.08
Number of shares, millions	23.7	24.1	24.1
Market cap	219	219	219
EV	262	252	239
P/E (adj.)	19.9	11.3	9.3
P/E	19.7	11.3	9.3
P/B	1.3	1.2	1.1
P/S	0.6	0.5	0.5
EV/Sales	0.7	0.6	0.5
EV/EBITDA	8.4	5.9	5.0
EV/EBIT (adj.)	15.4	9.1	7.5
Payout ratio (%)	44.2 %	31.2 %	30.7 %
Dividend yield-%	2.2 %	2.8 %	3.3 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price			6.28	6.00	6.96	9.08	9.08	9.08	9.08
Number of shares, millions			23.0	23.0	23.0	23.7	24.1	24.1	24.1
Market cap			145	138	160	219	219	219	219
EV			116	146	195	262	252	239	227
P/E (adj.)			3.6	6.8	19.1	19.9	11.3	9.3	8.0
P/E			3.6	6.8	19.3	19.7	11.3	9.3	8.0
P/B			1.1	0.9	1.1	1.3	1.2	1.1	1.0
P/S			0.5	0.5	0.6	0.6	0.5	0.5	0.5
EV/Sales			0.4	0.5	0.7	0.7	0.6	0.5	0.5
EV/EBITDA			1.8	4.4	8.0	8.4	5.9	5.0	4.5
EV/EBIT (adj.)			2.0	6.0	14.8	15.4	9.1	7.5	6.5
Payout ratio (%)			25.1 %	34.2 %	33.4 %	44.2 %	31.2 %	30.7 %	35.0 %
Dividend yield-%			6.9 %	5.0 %	1.7 %	2.2 %	2.8 %	3.3 %	4.4 %

Source: Inderes

The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Interfor Corp	317	892			16.5		0.4	0.5					0.2
Boise Cascade	2202	2159	3.9	5.2	3.3	4.0	0.4	0.4	5.6	7.2	12.6	8.4	1.3
West Fraser Timber	4039	3849		133.2	7.9	6.8	0.7	0.7	5994.0	139.4	2.0	2.1	0.7
Canfor	858	1538			86.9		0.5	0.5					0.4
Stora Enso	8350	11454	45.2	19.7	12.2	9.8	1.2	1.3	55.6	23.5	2.7	2.4	0.7
STEICO	287	418	13.7	9.5	7.0	5.0	1.1	1.1	16.1	11.6	2.1	2.8	1.0
Louisiana-Pacific	4540	4567	18.1	9.9	12.3	7.9	2.1	1.8	24.7	13.5	1.3	1.4	3.6
Stella-Jones	2895	3791	12.4	12.4	10.2	9.8	1.8	1.8	15.4	15.9	1.1	1.2	2.9
Koskisen (Inderes)	219	262	15.4	9.1	8.4	5.9	0.7	0.6	19.9	11.3	2.2	2.8	1.3
Average			18.7	31.7	19.5	7.2	1.0	1.0	1018.6	35.2	3.6	3.0	1.3
Median			13.7	11.2	11.2	7.4	0.9	0.9	20.4	14.7	2.0	2.2	0.9
Diff-% to median			12%	-19%	-25%	-20%	-19%	-32%	-3%	-23%	8%	23%	54%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue	271	63.7	77.8	67.8	72.9	282	86.2	89.7	83.8	95.0	355	405	436	457
Sawn Timber Industry	122	29.0	47.2	23.9	39.7	140	48.7	47.5	50.2	56.2	203	229	244	256
Panel Industry	149	34.7	30.6	43.9	33.1	142	37.6	42.2	33.6	38.8	152	176	192	201
Other / Eliminations	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
Depreciation	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
Adjustments	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
EBITDA	33.0	5.5	9.4	3.6	5.7	24.2	9.4	10.5	2.8	8.6	31.3	43.1	47.5	50.8
Depreciation	-8.6	-2.4	-2.5	-3.2	-3.1	-11.2	-3.2	-3.5	-3.8	-3.8	-14.3	-15.3	-15.7	-15.7
EBIT (excl. NRI)	24.4	3.1	6.9	0.5	2.6	13.1	6.3	6.8	-0.9	4.8	17.0	27.8	31.8	35.0
EBIT	24.4	3.1	6.9	0.4	2.6	13.0	6.2	7.0	-1.0	4.8	17.1	27.8	31.8	35.0
Sawn Timber Industry (EBITDA)	3.3	0.7	1.6	1.7	3.3	7.2	5.4	4.2	2.6	3.6	15.9	22.1	23.5	24.6
Panel Industry (EBITDA)	29.3	5.3	8.1	1.8	2.5	17.7	4.5	6.7	0.2	5.4	16.8	23.0	26.0	28.1
Other / Eliminations	0.4	-0.4	-0.3	0.2	-0.2	-0.7	-0.5	-0.5	0.1	-0.4	-1.3	-2.0	-2.0	-2.0
Depreciation	-8.6	-2.4	-2.5	-3.2	-3.1	-11.2	-3.2	-3.5	-3.9	-3.8	-14.4	-15.3	-15.7	-15.7
Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.1	0.0	0.0	0.0	0.0	0.0
Net financial items	-0.3	-0.4	-0.7	-1.0	-1.0	-3.1	-1.0	-0.9	-1.0	-0.7	-3.5	-3.6	-3.1	-1.8
PTP	24.0	2.8	6.2	-0.6	1.6	10.0	5.3	6.1	-2.0	4.1	13.5	24.2	28.7	33.2
Taxes	-3.8	-0.5	-1.3	0.1	0.0	-1.7	-1.1	-1.0	0.4	-0.8	-2.6	-4.8	-5.2	-6.0
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	20.2	2.3	4.9	-0.5	1.6	8.3	4.2	5.0	-1.6	3.3	10.9	19.3	23.5	27.2
EPS (adj.)	0.88	0.10	0.21	-0.02	0.07	0.36	0.19	0.20	-0.07	0.14	0.46	0.80	0.98	1.13
EPS (rep.)	0.88	0.10	0.21	-0.02	0.07	0.36	0.18	0.21	-0.07	0.14	0.46	0.80	0.98	1.13

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	-14.6 %	-13.0 %	5.3 %	22.3 %	6.1 %	4.0 %	35.4 %	15.3 %	23.6 %	30.3 %	25.7 %	14.2 %	7.7 %	4.8 %
Adjusted EBIT growth-%	-58.3 %	-70.6 %	-41.8 %	-151.8 %	-12.2 %	-46.1 %	102.3 %	-0.8 %	-277.6 %	83.6 %	29.6 %	63.4 %	14.3 %	10.1 %
EBITDA-%	12.2 %	8.7 %	12.0 %	5.4 %	7.8 %	8.6 %	10.9 %	11.7 %	3.4 %	9.1 %	8.8 %	10.6 %	10.9 %	11.1 %
Adjusted EBIT-%	9.0 %	4.9 %	8.8 %	0.8 %	3.6 %	4.7 %	7.4 %	7.6 %	-1.1 %	5.1 %	4.8 %	6.9 %	7.3 %	7.7 %
Net earnings-%	7.4 %	3.6 %	6.3 %	-0.8 %	2.2 %	2.9 %	4.8 %	5.6 %	-1.9 %	3.5 %	3.1 %	4.8 %	5.4 %	6.0 %

Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	130	151	172	175	176
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	1.3	1.0	1.4	1.8	2.2
Tangible assets	124	146	166	169	169
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	4.6	3.9	3.9	3.9	3.9
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.1	0.0	0.0	0.0	0.0
Current assets	140	126	136	148	157
Inventories	37.5	49.2	53.2	56.7	61.1
Other current assets	22.9	21.6	22.2	22.2	22.2
Receivables	23.4	23.8	35.5	40.5	43.6
Cash and equivalents	55.8	31.8	24.8	28.4	30.5
Balance sheet total	269	277	307	323	333

Source: Inderes

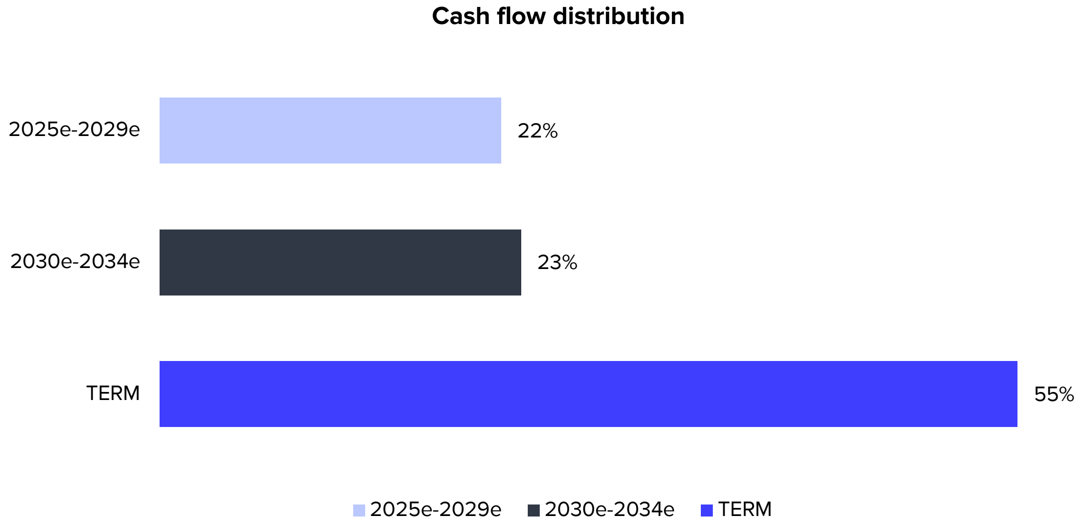
Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	147	149	164	179	196
Share capital	1.5	1.5	1.5	1.5	1.5
Retained earnings	51.5	65.2	73.4	87.9	105
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	94.2	82.3	89.5	89.5	89.5
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	64.1	64.6	71.1	66.0	56.0
Deferred tax liabilities	5.7	7.2	7.2	7.2	7.2
Provisions	0.2	0.2	0.2	0.2	0.2
Interest bearing debt	55.2	54.2	60.7	55.5	45.5
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	3.1	3.1	3.1	3.1	3.1
Current liabilities	57.8	63.3	71.9	77.7	80.5
Interest bearing debt	8.5	12.1	6.5	5.9	4.8
Payables	32.8	35.7	44.9	51.2	55.1
Other current liabilities	16.5	15.6	20.6	20.6	20.6
Balance sheet total	269	277	307	323	333

DCF-calculation

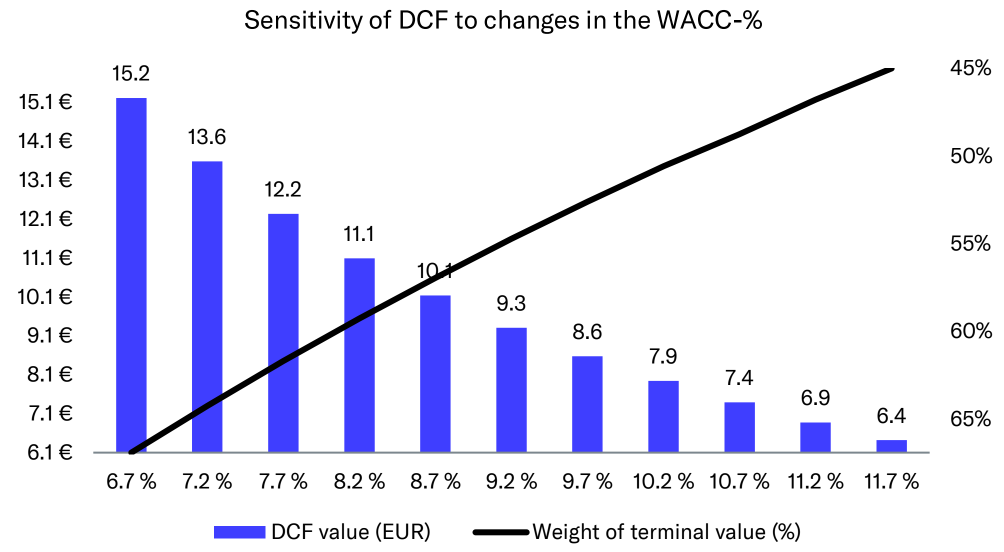
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	4.0 %	25.7 %	14.2 %	7.7 %	4.8 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.0 %	2.0 %
EBIT-%	4.6 %	4.8 %	6.9 %	7.3 %	7.7 %	7.0 %	6.5 %	6.0 %	5.6 %	5.6 %	5.6 %	5.6 %
EBIT (operating profit)	13.0	17.1	27.8	31.8	35.0	32.8	31.2	29.5	28.2	29.0	29.5	
+ Depreciation	11.2	14.3	15.3	15.7	15.7	16.0	16.1	16.2	16.3	16.3	16.4	
- Paid taxes	-0.2	-2.6	-4.8	-5.2	-6.0	-5.7	-5.5	-5.2	-5.0	-5.1	-5.2	
- Tax, financial expenses	-0.6	-0.8	-0.8	-0.6	-0.4	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	
+ Tax, financial income	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	
- Change in working capital	-8.9	-2.1	-2.2	-3.5	-6.5	-0.3	-0.3	-0.3	-0.3	-1.3	-1.1	
Operating cash flow	14.7	26.0	35.4	38.3	38.0	42.6	41.4	40.1	39.2	38.8	39.6	
+ Change in other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-32.2	-35.4	-18.4	-16.4	-17.4	-17.4	-17.4	-17.4	-17.4	-17.4	-16.6	
Free operating cash flow	-17.5	-9.4	17.0	21.9	20.6	25.2	24.0	22.7	21.8	21.4	22.9	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-17.5	-9.4	17.0	21.9	20.6	25.2	24.0	22.7	21.8	21.4	22.9	323
Discounted FCFF		-9.3	15.4	18.1	15.6	17.5	15.3	13.2	11.6	10.4	10.2	144
Sum of FCFF present value		262	271	256	238	222	205	190	176	165	154	144
Enterprise value DCF		262										
- Interest bearing debt		-66.3										
+ Cash and cash equivalents		31.8										
-Minorities		0.0										
-Dividend/capital return		-2.8										
Equity value DCF		224										
Equity value DCF per share		9.3										

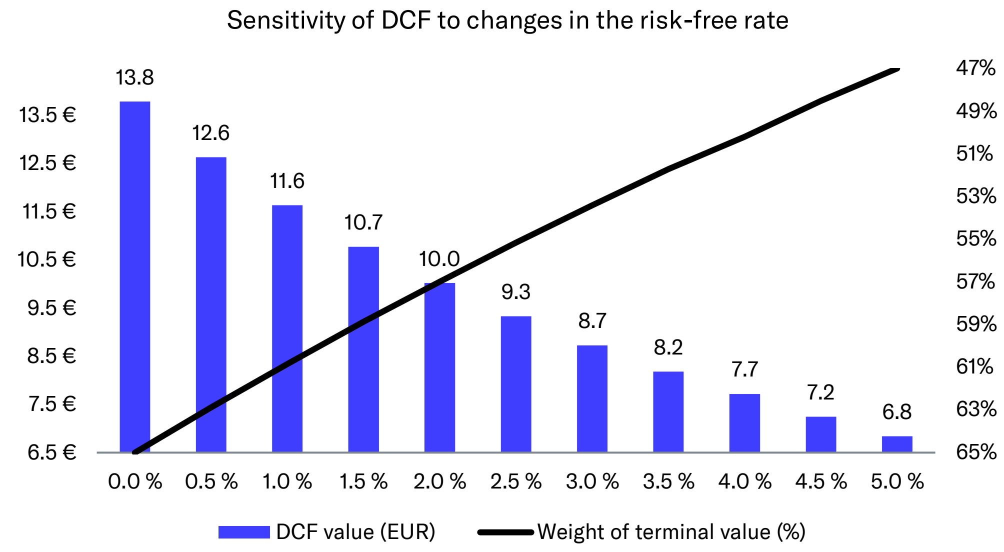
WACC	
Tax-% (WACC)	18.0 %
Target debt ratio (D/(D+E)	17.5 %
Cost of debt	5.0 %
Equity Beta	1.65
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	10.3 %
Weighted average cost of capital (WACC)	9.2 %

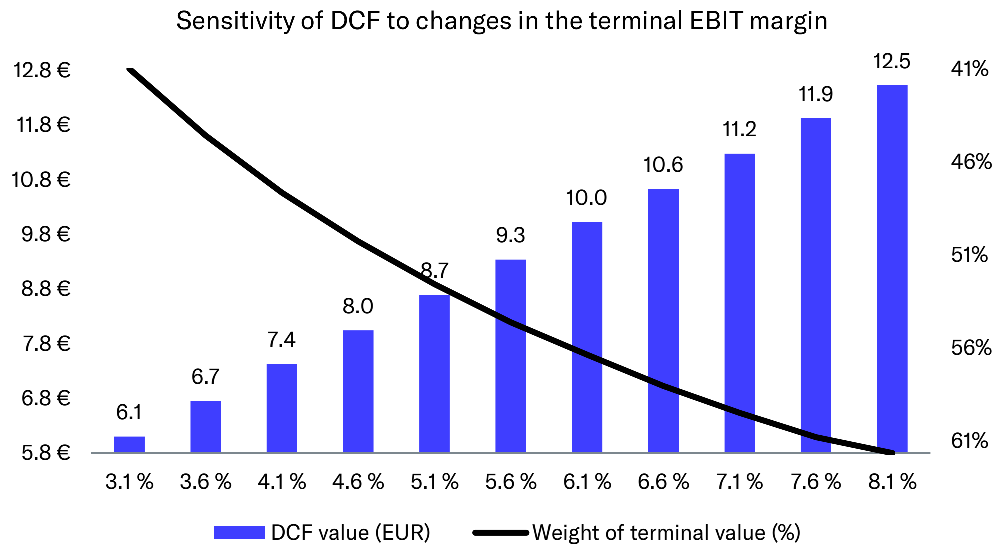
Source: Inderes

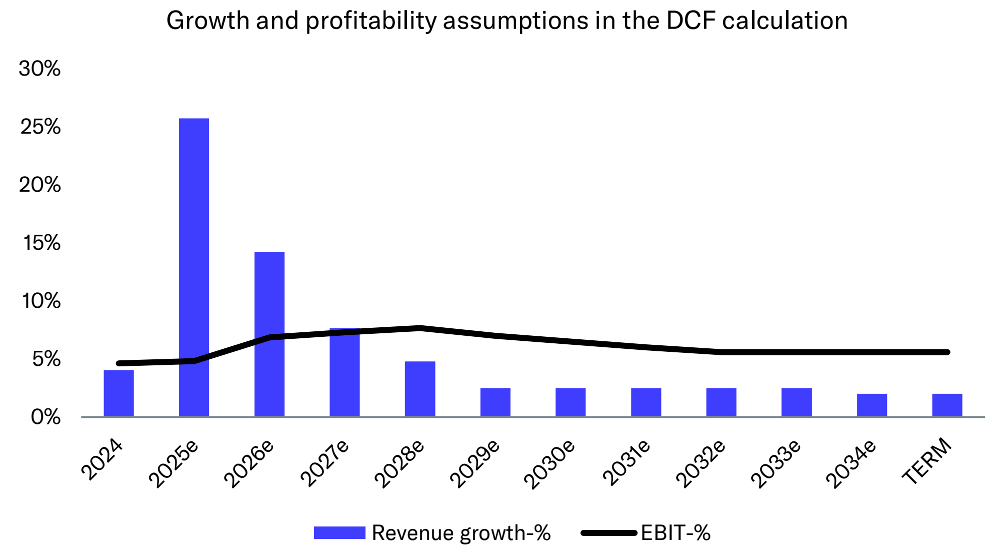


DCF sensitivity calculations and key assumptions in graphs









Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2022	2023	2024	2025e	2026e
Revenue	317.7	271.2	282.2	354.7	405.1
EBITDA	66.3	33.0	24.2	31.3	43.1
EBIT	58.2	24.4	13.0	17.1	27.8
PTP	57.8	24.0	10.0	13.5	24.2
Net Income	39.8	20.2	8.3	10.9	19.3
Extraordinary items	-0.3	0.0	-0.1	0.0	0.0

Per share data	2022	2023	2024	2025e	2026e
EPS (reported)	1.73	0.88	0.36	0.46	0.80
EPS (adj.)	1.74	0.88	0.36	0.46	0.80
OCF / share	2.07	0.27	0.64	1.10	1.47
OFCF / share	2.43	-1.19	-0.76	-0.40	0.70
Book value / share	5.90	6.40	6.47	6.94	7.42
Dividend / share	0.43	0.30	0.12	0.20	0.25

Balance sheet	2022	2023	2024	2025e	2026e
Balance sheet total	258.6	269.2	277.1	307.4	322.6
Equity capital	135.8	147.2	149.1	164.4	178.9
Goodwill	0.0	0.0	0.0	0.0	0.0
Net debt	-28.5	7.9	34.4	42.3	33.1

Growth and profitability	2022	2023	2024	2025e	2026e
Revenue growth-%	0%	-15%	4%	26%	14%
EBITDA growth-%		-50%	-27%	29%	38%
EBIT (adj.) growth-%		-58%	-46%	30%	63%
EPS (adj.) growth-%		-50%	-59%	26%	75%
EBITDA-%	20.9 %	12.2 %	8.6 %	8.8 %	10.6 %
EBIT (adj.)-%	18.4 %	9.0 %	4.7 %	4.8 %	6.9 %
EBIT-%	18.3 %	9.0 %	4.6 %	4.8 %	6.9 %
ROE-%	0.0 %	14.3 %	5.6 %	7.0 %	11.3 %
ROI-%	0.0 %	12.1 %	6.4 %	7.8 %	11.9 %
Equity ratio	52.5 %	54.7 %	53.8 %	53.5 %	55.5 %
Gearing	-21.0 %	5.4 %	23.1 %	25.7 %	18.5 %

Cash flow	2022	2023	2024	2025e	2026e
EBITDA	66.3	33.0	24.2	31.3	43.1
Change in working capital	12.3	-24.9	-8.9	-2.1	-2.2
Operating cash flow	47.6	6.2	14.7	26.0	35.4
CAPEX	-22.0	-33.7	-32.2	-35.4	-18.4
Free cash flow	55.9	-27.3	-17.5	-9.4	17.0

Valuation multiples	2022	2023	2024	2025e	2026e
EV/S	0.4	0.5	0.7	0.7	0.6
EV/EBITDA	1.8	4.4	8.0	8.4	5.9
EV/EBIT (adj.)	2.0	6.0	14.8	15.4	9.1
P/E (adj.)	3.6	6.8	19.1	19.9	11.3
P/B	1.1	0.9	1.1	1.3	1.2
Dividend-%	6.9 %	5.0 %	1.7 %	2.2 %	2.8 %

Source: Inderes

The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years. Per-share figures are calculated using the number of shares at year-end.

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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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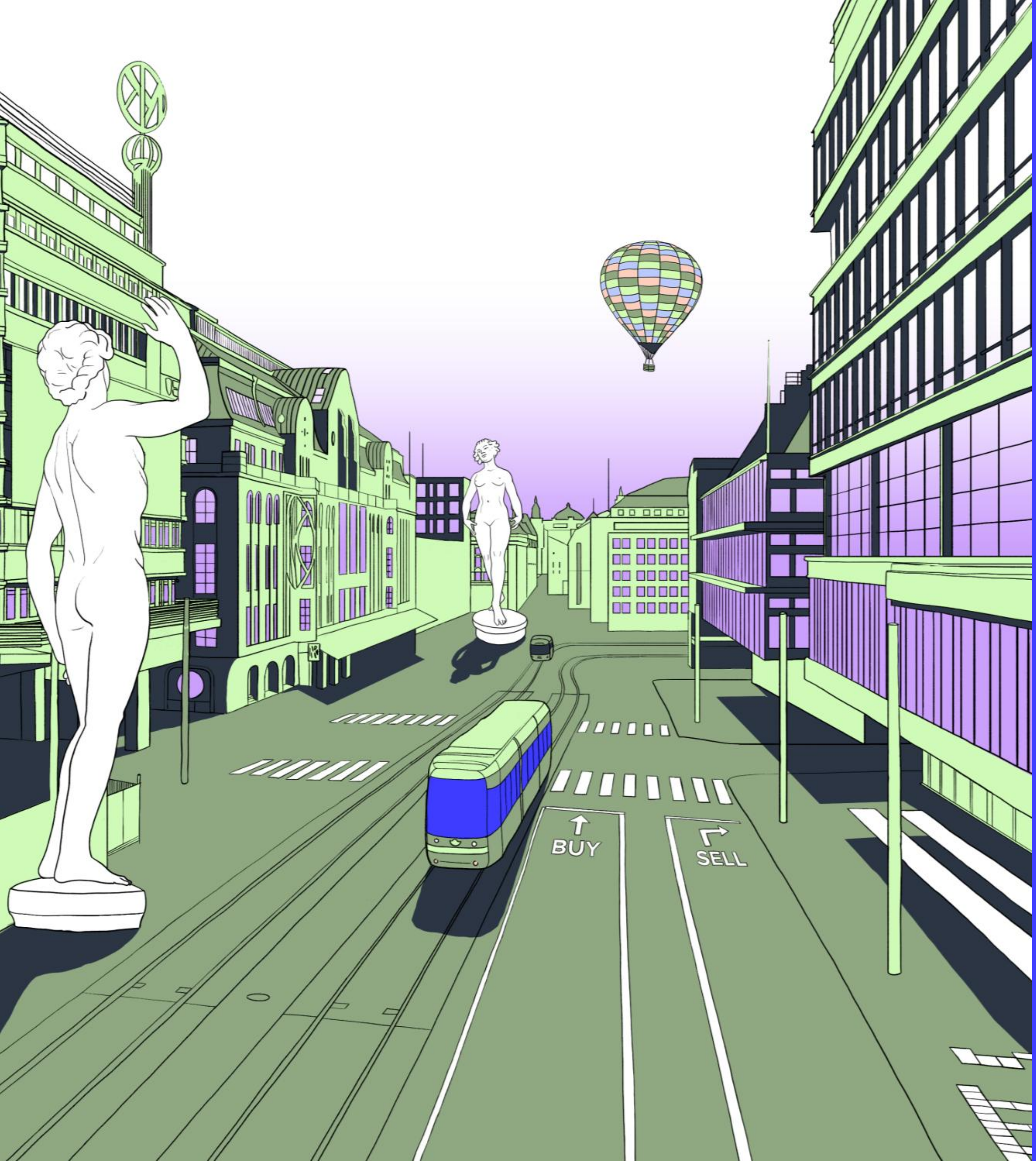
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2/24/2023	Reduce	6.00 €	6.35 €
3/17/2023	Reduce	6.00 €	6.29 €
Analyst changed			
5/25/2023	Reduce	6.75 €	6.40 €
8/11/2023	Accumulate	6.75 €	6.19 €
8/25/2023	Accumulate	7.50 €	6.40 €
11/20/2023	Accumulate	7.00 €	6.35 €
2/13/2023	Accumulate	6.75 €	6.05 €
2/19/2024	Accumulate	6.75 €	6.18 €
4/12/2024	Reduce	6.75 €	7.18 €
5/15/2024	Reduce	7.00 €	7.60 €
8/19/2024	Reduce	7.50 €	7.50 €
11/18/2024	Reduce	7.25 €	7.08 €
1/16/2025	Reduce	7.25 €	7.14 €
2/18/2025	Reduce	7.25 €	7.10 €
5/12/2025	Accumulate	8.25 €	7.54 €
8/19/2025	Reduce	9.00 €	9.22 €
11/11/2025	Reduce	9.00 €	9.10 €
11/17/2025	Reduce	9.00 €	9.08 €



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