

NORRHYDRO

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INDERES CORPORATE CUSTOMER
COMPANY REPORT



Modern factory has picked up its pace

Q3 reinforced our stance on the favorable profitability trend of conventional cylinders as volumes at the highly automated factory increase. Guidance for this year appears uncertain in terms of revenue, but when it comes to profitability is likely to be met by a clear margin. The share is valued very cheaply relative to the earnings of the conventional cylinder business, which compensates for the risks related to NorrDigi and the balance sheet position. The balance sheet has also strengthened recently with the earnings turnaround. We reiterate our Accumulate recommendation and raise the target price to EUR 1.6 (was EUR 1.4).

Strong earnings trend, balance sheet has strengthened

The Q3 report delivered good revenue growth in line with estimates (8% y-o-y) and significantly stronger profitability than expected. EBITDA (1.05 MEUR) was double compared to our estimate and the comparison period. Profitability was supported by favorable sales development, sales mix, and the company's continuous improvements related to production efficiency. The company's debt has decreased rapidly due to good earnings development, and low investments. Net debt decreased by 1.8 MEUR y-o-y, and the net debt/EBITDA ratio at the end of Q3 was only 2.4x (2025: 3.4x). However, working capital commitment has kept liquidity tight, to which inventory reduction during the rest of the year may bring a positive revision.

Automated factory runs increasingly well as volumes grow

We raised our earnings estimates for the coming years on the back of the strong profitability development in Q3 (2026 and 2027 adj. EBIT up 24% and 12%). The material margin has been on an upward trend since 2025, which, we believe, is the result of improved operational efficiency at the company's plant completed in 2022 and rising capacity utilization rates as demand has recovered closer to normal levels. We estimate that high quality and efficiency also support revenue growth, as the company stated in the Q3 report that it had gained market share.

We expect the company to be able to continue its good revenue growth of around 10% in the remainder of the year, but for 2027, we estimate more moderate growth of 5% (4% in conventional cylinders, and the rest from NorrDigi). Demand in the important forest industry remains weak and, if it were to turn, could offer potential for stronger growth. NorrDigi's revenue is low in our estimates for the coming years (2027-28e: 0.9-2.1 MEUR), because despite the active sales pipeline for EMA, visibility into the progress of commercialization is uncertain.

Minor significance of revenue guidance risk

The company reiterated its guidance and still expects revenue of 30-32 MEUR and EBITDA of 3-4 MEUR for 2026. Our revenue estimate is at the lower end of the guidance range (29.9 MEUR), and our EBITDA estimate is solidly in the middle (3.53 MEUR). Even if revenue were to fall slightly short of guidance, we do not see this having a significant impact on future cash flow prospects and thereby the fair value of the stock.

Valuation of conventional cylinders business is favorable

Following the earnings turnaround, the share valuation has become favorable (EV/EBIT 2026e: 9x, 2027e: 8x), even though NorrDigi, in its early development stage, continues to weigh on the company's earnings (adjusted for this, the 2026e EV/EBIT would be ~7x). The risks on the balance sheet are also gradually easing, and over the past year, the company has demonstrated its ability to repay debt at a rapid pace. We believe the conventional cylinder business alone is enough to warrant sufficient upside for the share (fair EV/EBIT for the business of around 10x), and we still see potential to continue profitable growth through the modern factory. NorrDigi technologies could, if commercialization succeeds, offer more capital-light and pricing-power-driven growth and thus stronger upside, but due to growth-related uncertainty, we do not rely on NorrDigi's potential in our recommendation.

Recommendation

Accumulate

(was Accumulate)

Target price:

EUR 1.60

(was EUR 1.40)

Share price:

EUR 1.35

Business risk



Valuation risk



	2025	2026e	2027e	2028e
Revenue	28.7	30.0	31.6	34.0
growth-%	18%	4%	5%	8%
EBIT adj.	1.4	2.4	2.6	3.0
EBIT-% adj.	5.0 %	8.2 %	8.2 %	8.9 %
Net Income	0.2	1.3	1.3	1.7
EPS (adj.)	0.03	0.13	0.13	0.16
Dividend	0.02	0.03	0.04	0.07
P/E (adj.)	41.7	10.5	10.5	8.2
P/B	1.6	1.6	1.4	1.3
Dividend yield-%	1.7 %	2.2 %	3.0 %	5.2 %
EV/EBIT (adj.)	15.6	9.0	8.1	6.5
EV/EBITDA	8.4	6.0	5.6	4.6
EV/S	0.8	0.7	0.7	0.6

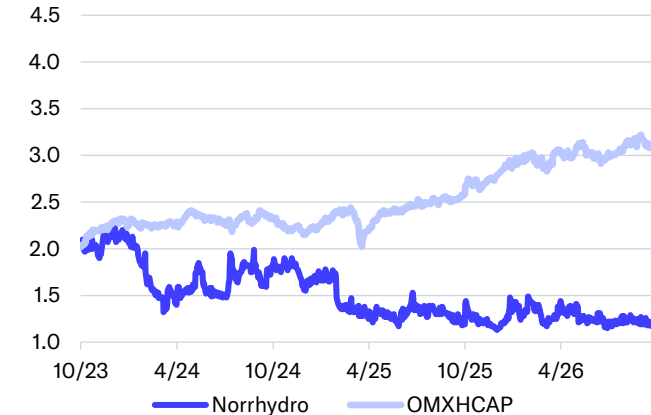
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Guidance

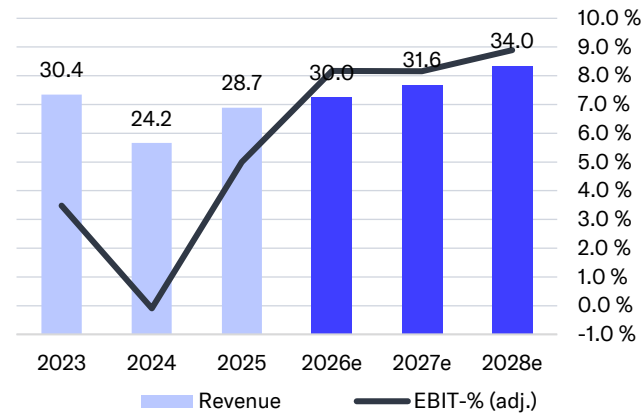
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Revenue for 2026 is estimated to be 30-32 MEUR and EBITDA 3-4 MEUR.

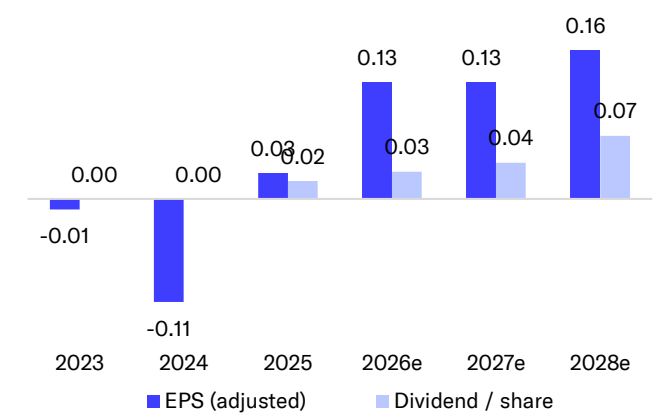
Share price



Revenue and EBIT-% (adj.)



EPS and DPS



Value drivers

- Growth potential in basic cylinders through market recovery and market share gains
- The modern factory's scalability supports profitability
- NorrDigi's growth opportunity in higher technology products
- Impressive customer list and close, long-term customer relationships

Risk factors

- Cyclicalities of key customer industries
- Concentration of customer base
- Failure to commercialize NorrDigi
- The balance sheet is indebted and contains significant capitalized development costs

Valuation	2026e	2027e	2028e
Share price	1.35	1.35	1.35
Number of shares, millions	11.0	11.0	11.0
Market cap	15	15	15
EV	22	21	20
P/E (adj.)	10.5	10.5	8.2
P/E	11.2	11.1	8.6
P/B	1.6	1.4	1.3
P/S	0.5	0.5	0.4
EV/Sales	0.7	0.7	0.6
EV/EBITDA	6.0	5.6	4.6
EV/EBIT (adj.)	9.0	8.1	6.5
Payout ratio (%)	24.8 %	32.9 %	44.7 %
Dividend yield-%	2.2 %	3.0 %	5.2 %

Source: Inderes

Q3: Growth back on track and profitability beat expectations

Q3 growth at an expected good level after a difficult Q2

Norrhydro Group's Q3 revenue was 6.6 MEUR, up 8% year-on-year (in line with our estimate). The company stated that business returned to normal levels during Q3 after a weak Q2. Q3's order intake also increased from the previous year. The company reports that it has secured new customers and gained share in some of its customers' procurement. In the January-September period, the mining, defense, and recycling sectors have grown, whereas in other segments, the demand situation has been at the level of the comparison period or lower. The forest machinery market has been difficult, but on the other hand, construction has recovered slightly from its cyclical bottom

EBITDA doubled from the comparison period

EBITDA for Q3 was 1.05 MEUR, doubling from the comparison period (Q3'25: 0.52 MEUR). EBIT also grew strongly to 0.73 MEUR (Q3'25: 0.20 MEUR). The earnings

lines clearly exceeded our estimates, as we expected earnings at the level of the comparison period, which we considered good.

The material margin rose to as much as 55% (Q3'25: 50%) when we expected 48%. The company stated that the earnings improvement consisted of revenue growth as well as savings and productivity measures. We believe that the efficiency of the company's automated factory is heavily dependent on production volumes and utilization rates, which is why growth significantly leverages earnings. We also interpreted that the sales mix was somewhat favorable in Q3.

Indebtedness has declined rapidly

The company has significantly paid down its debt over the past year: net debt has decreased by 1.8 MEUR y-o-y, and the equity ratio has risen to 37.5% (Q3'25: 33.4%). This has been driven by both the turnaround and the company's

very low investments. However, the cash position remained tight at the end of Q3 as growth tied up working capital. In January-September cash flow from operations was 1.3 MEUR (Q1-Q3'25: 0.1 MEUR) improving clearly from the comparison period. However, cash flow has been used for debt repayments and financing costs. Of the company's 1.75 MEUR credit limit, 1.62 MEUR was in use at the end of the reporting period, and the company had only 0.05 MEUR in cash, leaving very little leeway for liquidity. We interpret that working capital could be released in the second half of the year, which could provide relief to liquidity.

Estimates MEUR / EUR	Q3'25 Comparison	Q3'26 Actualized	Q3'26e Inderes	Difference (%) Act. vs. inderes	2026e Inderes
Revenue	6.1	6.6	6.6	0%	30.0
EBITDA	0.52	1.05	0.51	105%	3.6
EBIT	0.20	0.73	0.20	271%	2.4
PTP	-0.09	0.53	-0.05	1107%	1.4
EPS (adj.)	-0.01	0.05	0.00	1971%	0.13
Revenue growth-%	36%	8%	7.9 %	-0.3 pp	4%
EBIT-% (adj.)	3.3 %	11.2 %	3.0 %	8.2 pp	7.9 %

Source: Inderes

Earnings estimates rose, guidance requires strong growth from Q4

Earnings estimate adjusted in line with strong Q3

- We raised our 2026 revenue estimate by 1% and our EBITDA estimate by 16% due to a stronger-than-expected Q3 earnings report. A significant share of the estimate revisions for 2026 stems from the strong realized earnings in Q3, whereas the impact of estimate revisions concerning Q4 is insignificant. We expect Q4 revenue to grow by 10% and EBITDA to be 14%, whereas our previous estimates were 7% and 15%, respectively.
- The company reiterated its guidance. In 2024, revenue is expected to be 30-32 MEUR (2025: 28.7 MEUR) and reported EBITDA 3-4 MEUR (2025: 2.65 MEUR). The revenue guidance requires 11-36% growth in Q4, which is not a given due to the strong comparison period and challenges in the forest machinery market, among other factors. Our estimate of 30.0 MEUR is close to the lower end of the range. As for EBITDA, on the other hand, the guidance seems very achievable, as the lower limit requires only about 0.6 MEUR in EBITDA from Q4 (Q4'25: 0.9 MEUR) and our estimate is 1.22 MEUR.

Operational earnings drivers

- We expect profitability improvement to continue, driven by, e.g., volume growth and efficiency measures. In recent years, the company has partly suffered from the fact that the new factory is designed for higher volumes. The recent increase in volume levels has strongly reinforced profitability. However, profitability is sensitive to volume volatility and dependent on the demand environment. We interpret that the company sees the current cost environment as fairly stable, which decreases inflation-related risks.
- A mixed picture in end-customer industries. The forest sector is still demanding. Construction has recovered slightly from the bottom, but its impact on the company is quite small. Growth has been driven by the mining, defense, and recycling sectors, as well as gaining market share.
- The sales pipeline for NorrDigi electromechanical actuators (EMA) is active, but there are still no significant binding orders. We expect growth for next year, but only on a small scale (our 2027e revenue estimate for NorrDigi is 0.9 MEUR).

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	29.7	30.0	1%	32.6	31.6	-3%	36.2	34.0	-6%
EBITDA	3.1	3.6	16%	3.8	3.7	-3%	4.6	4.3	-6%
EBIT (exc. NRIs)	2.0	2.4	24%	2.3	2.6	12%	2.9	3.0	3%
EBIT	1.9	2.4	25%	2.2	2.5	12%	2.8	2.9	3%
EPS (excl. NRIs)	0.09	0.13	47%	0.11	0.13	19%	0.16	0.16	4%
DPS	0.03	0.03	0%	0.04	0.04	0%	0.07	0.07	0%

Source: Inderes

Profitable conventional cylinder business at a low price

Investment profile: Two different elements

Norrhydro's equity story consists of two very different elements. Forecasting the long-term earnings level of the conventional cylinder business is relatively straightforward and reliable due to the long history and mature nature of the industry. On the other hand, there is not yet a strong understanding of the earnings potential of the new NorrDigi technologies. NorrDigi's operations are currently unprofitable due to a lack of significant revenue, but if successful, it offers potential to strengthen the margin and value creation profile in the long term.

The company's earnings have been weak in 2022-24 due to costs associated with the ramp-up of the new factory, the development of NorrDigi technologies, and weak demand in key customer segments. However, the earnings turnaround seen during 2025-26 has put the balance sheet's high indebtedness on a downward trend, thereby reducing the risk level associated with the financial position. Indebtedness remains elevated to some extent, and the balance sheet might not withstand major disappointments in earnings and cash flow performance.

Conventional cylinders alone offer reasonable earnings growth potential

The turnaround in earnings has significantly lowered the stock's earnings-based valuation. In our view, a fair valuation level of EV/EBIT 8-12x could be applied to a company operating as a subcontractor in the engineering sector that generates a reasonable return on capital.

Based on our 2026 forecasts, the EV/EBIT would be only 9x, which we believe is an attractive level for Norrhydro Group, considering the company's relatively strong long-term growth profile (5% realized annual growth over a 10-year

period), the early development stage of NorrDigi, and the current, partly unfavorable business cycle in customer industries. Adjusting the earnings for NorrDigi's estimated earnings impact (-0.8 MEUR/y), the EV/EBIT for the conventional cylinder business would be only 7x on 2026 estimates, which is a fairly attractive valuation level.

If the cyclical recovery and NorrDigi's commercial breakthrough materialize, the stock could have strong upside potential. The balance sheet's debt leverage amplifies the impact of the earnings outlook on the price.

The DCF value, which is slightly above our target price level, also supports a positive view on the stock. Due to the nature of the company's business portfolio (i.e., two different businesses), the DCF margin of error is exceptionally high, even though our required return in the model is quite high.

NorrDigi's potential is not priced into the stock

There is considerable uncertainty about the realization of NorrDigi's growth, and our medium-term estimates are quite demanding in this regard. We do not believe that the share price reflects significant successes for NorrDigi. We find it likely that as the commercialization of the solutions progresses, investors would begin to front-load value for NorrDigi's growth, which, however, would call for concrete sales successes and evidence of the solution's positive impact on the margin profile. In the breakthrough scenario, NorrDigi's discounted value could rise to EUR 0.8 based on 2031 forecasts and a 20x EV/EBIT multiple, but estimating this is highly uncertain. In a negative scenario, the company could be forced to write down intangible balance sheet items related to NorrDigi if growth efforts do not materialize. However, this could also lead to the cancellation of Business Finland's development loans, which, in our view, limits the risk level to the company's financial position.

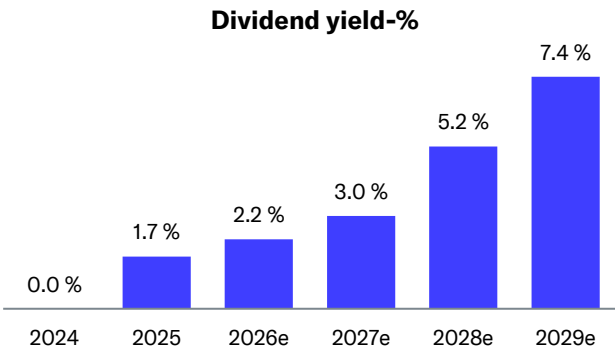
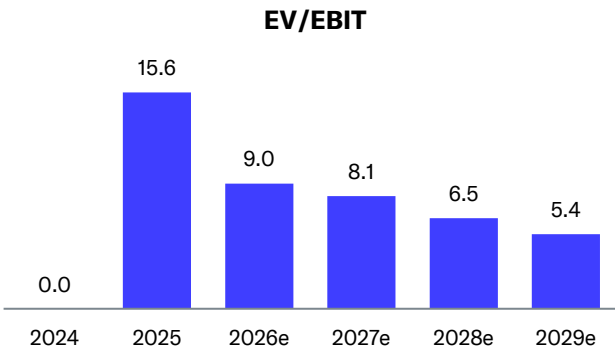
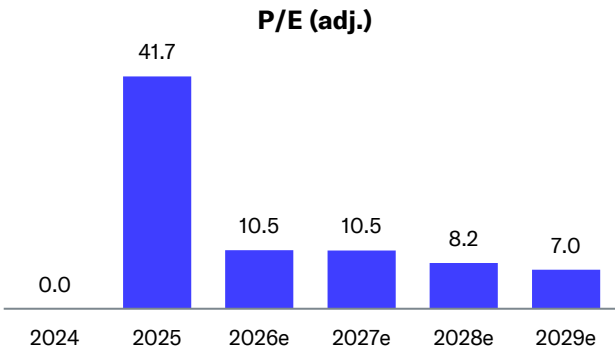
Valuation	2026e	2027e	2028e
Share price	1.35	1.35	1.35
Number of shares, millions	11.0	11.0	11.0
Market cap	15	15	15
EV	22	21	20
P/E (adj.)	10.5	10.5	8.2
P/E	11.2	11.1	8.6
P/B	1.6	1.4	1.3
P/S	0.5	0.5	0.4
EV/Sales	0.7	0.7	0.6
EV/EBITDA	6.0	5.6	4.6
EV/EBIT (adj.)	9.0	8.1	6.5
Payout ratio (%)	24.8 %	32.9 %	44.7 %
Dividend yield-%	2.2 %	3.0 %	5.2 %

Source: Inderes

Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	4.32	3.13	2.07	1.62	1.20	1.35	1.35	1.35	1.35
Number of shares, millions	8.46	10.9	10.9	11.0	11.0	11.0	11.0	11.0	11.0
Market cap	47	34	23	18	13	15	15	15	15
EV	47	42	32	27	22	22	21	20	19
P/E (adj.)	23.2	21.5	neg.	neg.	41.7	10.5	10.5	8.2	7.0
P/E	>100	>100	neg.	neg.	56.5	11.2	11.1	8.6	7.0
P/B	4.2	3.2	2.5	2.3	1.6	1.6	1.4	1.3	1.2
P/S	1.9	1.1	0.7	0.7	0.5	0.5	0.5	0.4	0.4
EV/Sales	1.9	1.4	1.1	1.1	0.8	0.7	0.7	0.6	0.5
EV/EBITDA	15.9	19.7	29.4	21.8	8.4	6.0	5.6	4.6	3.8
EV/EBIT (adj.)	21.8	17.8	30.5	neg.	15.6	9.0	8.1	6.5	5.4
Payout ratio (%)	185.1 %	1521.2 %	0.0 %	0.0 %	94.2 %	24.8 %	32.9 %	44.7 %	51.8 %
Dividend yield-%	1.4 %	1.9 %	0.0 %	0.0 %	1.7 %	2.2 %	3.0 %	5.2 %	7.4 %

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 Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e
Kesla Oyj	14	20	9.9		6.6		0.5	0.6	11.9		3.0		1.1
Robit Plc	26	46	23.0	23.0	7.7	7.7	0.5	0.6			4.0		0.6
Ponsse Oyj	563	589	16.7	14.2	8.5	7.7	0.8	0.8	60.9	17.8	2.3	3.4	1.7
Kalmar	2395	2406	12.2	10.8	8.9	8.6	1.4	1.4	16.0	14.6	2.9	3.0	3.3
Hiab	3481	3317	12.0	15.4	9.7	13.0	1.3	2.2	16.2	21.7	3.1	2.4	2.9
Metso Corp	13521	14726	19.5	19.3	16.3	15.7	3.0	2.9	26.3	26.3	2.2	2.3	5.2
Sandvik AB	39984	43547	23.3	22.7	17.2	17.0	3.9	4.0	31.3	28.7	1.6	1.7	4.8
Kongsberg Gruppen ASA	25815	25447	41.3	32.2	32.9	26.3	5.5	4.6	52.7	37.7	0.9	2.0	14.5
Enerpac Tool Group Corp	1616	1677	14.8	14.1	12.6	12.3	3.2	3.1	20.3	19.7			3.8
Interpump Group SpA	4024	4341	12.1	12.6	9.2	9.2	2.1	2.1	16.9	17.2	0.9	0.9	2.1
Parker-Hannifin Corp	107667	114819	30.7	27.8	26.4	24.9	6.5	6.5	38.6	35.8	0.6	0.7	10.2
Donaldson Company Inc	9148	10105	20.8	19.3	17.4	16.5	3.2	3.1	26.3	24.2	1.1	1.3	6.7
SMC Corp	23884	19635	14.3	12.2	14.4	15.0	4.5	4.4	24.3	27.3	1.4	1.5	2.4
Norrhydro (Inderes)	15	22	9.0	8.1	6.0	5.6	0.7	0.7	10.5	10.5	2.2	3.0	1.6
Average			18.9	18.1	14.4	14.5	2.9	2.9	28.1	24.8	1.9	1.9	4.4
Median			15.8	15.4	13.5	15.0	3.1	3.0	24.3	25.2	1.6	1.7	3.1
Diff-% to median			-43%	-47%	-55%	-63%	-76%	-78%	-57%	-59%	39%	77%	-48%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	2024	H1'25	H2'25	2025	Q1'26	Q2'26	Q3'26	Q4'26e	2026e	2027e	2028e	2029e
Revenue	30.4	24.2	14.9	13.8	28.7	7.2	7.7	6.6	8.5	30.0	31.6	34.0	37.4
EBITDA	1.1	1.3	1.23	1.42	2.65	0.93	0.44	1.05	1.22	3.64	3.73	4.30	4.88
Depreciation	-1.4	-1.3	-0.65	-0.65	-1.30	-0.33	-0.31	-0.31	-0.31	-1.27	-1.23	-1.36	-1.42
EBIT (excl. NRI)	1.1	0.0	0.61	0.82	1.44	0.62	0.15	0.75	0.93	2.45	2.58	3.02	3.46
EBIT	-0.3	-0.1	0.57	0.78	1.35	0.59	0.13	0.73	0.91	2.36	2.49	2.94	3.46
Net financial items	-1.2	-1.2	-0.57	-0.55	-1.12	-0.21	-0.25	-0.21	-0.29	-0.96	-0.92	-0.81	-0.83
PTP	-1.4	-1.3	0.01	0.23	0.23	0.39	-0.12	0.52	0.62	1.40	1.57	2.13	2.63
Taxes	0.0	0.0	0.00	0.00	0.00	0.00	0.01	0.00	-0.08	-0.07	-0.24	-0.40	-0.50
Net earnings	-1.4	-1.3	0.01	0.23	0.23	0.39	-0.11	0.52	0.54	1.33	1.34	1.73	2.13
EPS (adj.)	-0.01	-0.11	0.00	0.02	0.03	0.04	-0.01	0.05	0.05	0.13	0.13	0.16	0.19
EPS (rep.)	-0.13	-0.12	0.00	0.02	0.02	0.04	-0.01	0.05	0.05	0.12	0.12	0.16	0.19

Key figures	2023	2024	H1'25	H2'25	2025	Q1'26	Q2'26	Q3'26	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	2.2 %	-20.2 %	13.5 %	24.3 %	18.5 %	20.5 %	-13.5 %	7.6 %	10.2 %	4.4 %	5.4 %	7.6 %	10.1 %
Adjusted EBIT growth-%										70.6 %	5.3 %	17.3 %	14.4 %
EBITDA-%	3.6 %	5.2 %	8.2 %	10.3 %	9.2 %	12.9 %	5.7 %	16.0 %	14.3 %	12.1 %	11.8 %	12.6 %	13.0 %
Adjusted EBIT-%	3.5 %	-0.1 %	4.1 %	5.9 %	5.0 %	8.6 %	2.0 %	11.5 %	10.9 %	8.2 %	8.2 %	8.9 %	9.2 %
Net earnings-%	-4.8 %	-5.5 %	0.1 %	1.6 %	0.8 %	5.4 %	-1.5 %	8.0 %	6.3 %	4.5 %	4.2 %	5.1 %	5.7 %

Source: Inderes

Balance sheet

Assets	2025	2026e	2027e	2028e	2029e
Non-current assets	14.0	13.0	12.7	12.6	12.7
Goodwill	0.3	0.3	0.3	0.3	0.3
Intangible assets	8.5	8.2	8.0	7.8	7.6
Tangible assets	5.3	4.4	4.4	4.5	4.7
Other investments	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	9.6	10.2	10.7	11.4	12.4
Inventories	8.2	8.6	9.0	9.6	10.4
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	1.1	1.3	1.4	1.5	1.6
Cash and equivalents	0.3	0.3	0.3	0.3	0.4
Balance sheet total	23.6	23.2	23.4	24.1	25.1

Source: Inderes

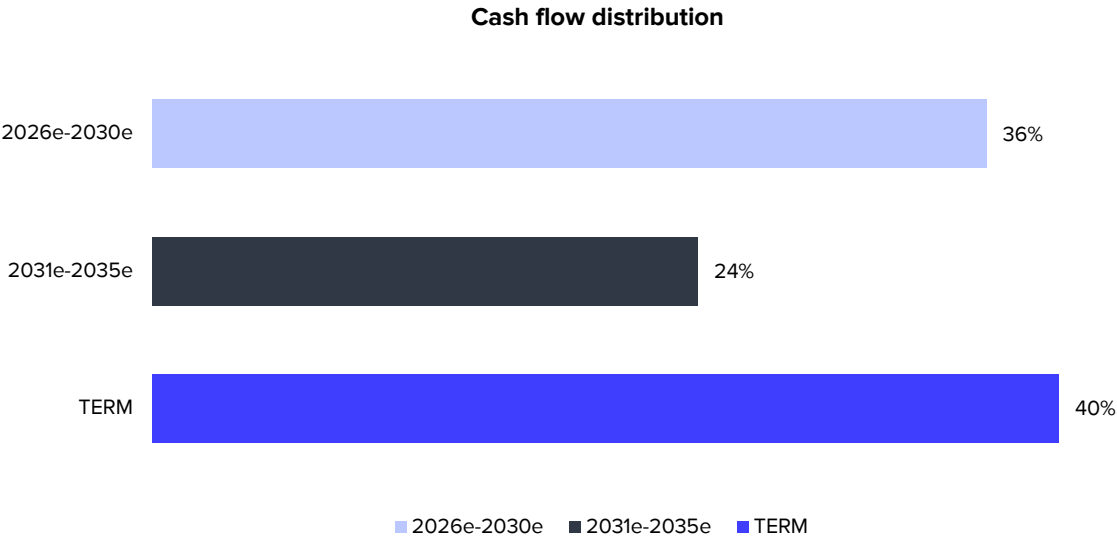
Liabilities & equity	2025	2026e	2027e	2028e	2029e
Equity	8.2	9.3	10.3	11.6	12.9
Share capital	4.3	4.3	4.3	4.3	4.3
Retained earnings	-6.5	-5.3	-4.3	-3.1	-1.7
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Other equity	10.4	10.4	10.4	10.4	10.4
Non-current liabilities	5.9	5.0	4.3	3.5	2.9
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	5.9	5.0	4.3	3.5	2.9
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	9.5	8.9	8.8	8.9	9.3
Interest bearing debt	3.4	2.4	2.0	1.6	1.2
Payables	6.1	6.5	6.8	7.4	8.1
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	23.6	23.2	23.4	24.1	25.1

DCF-calculation

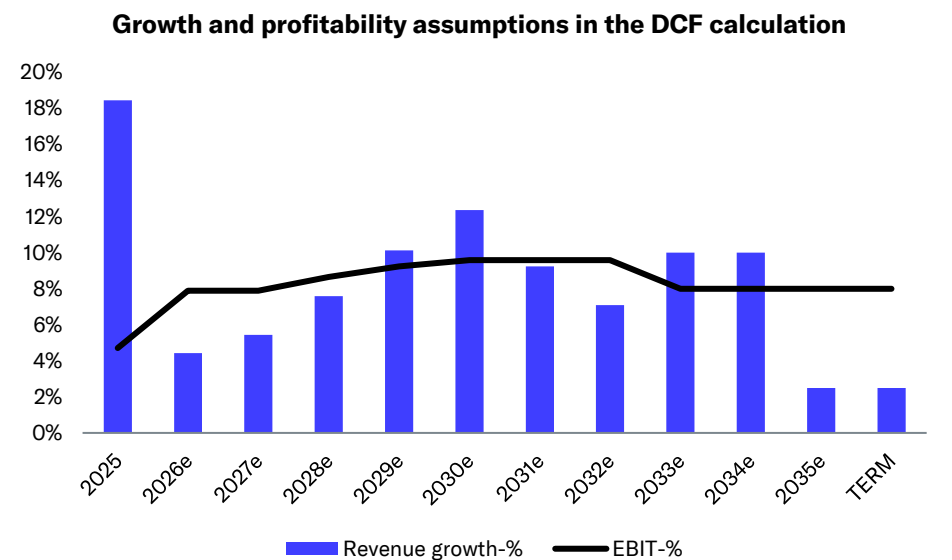
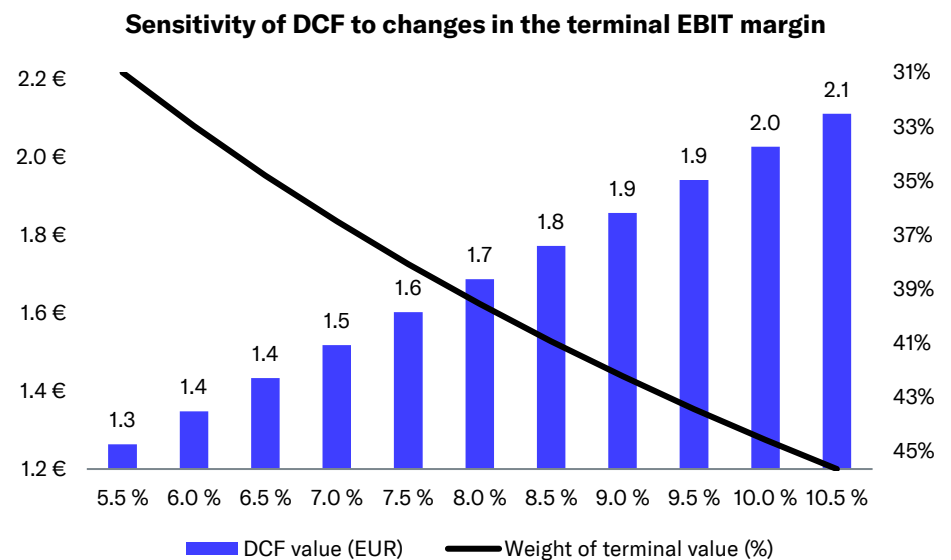
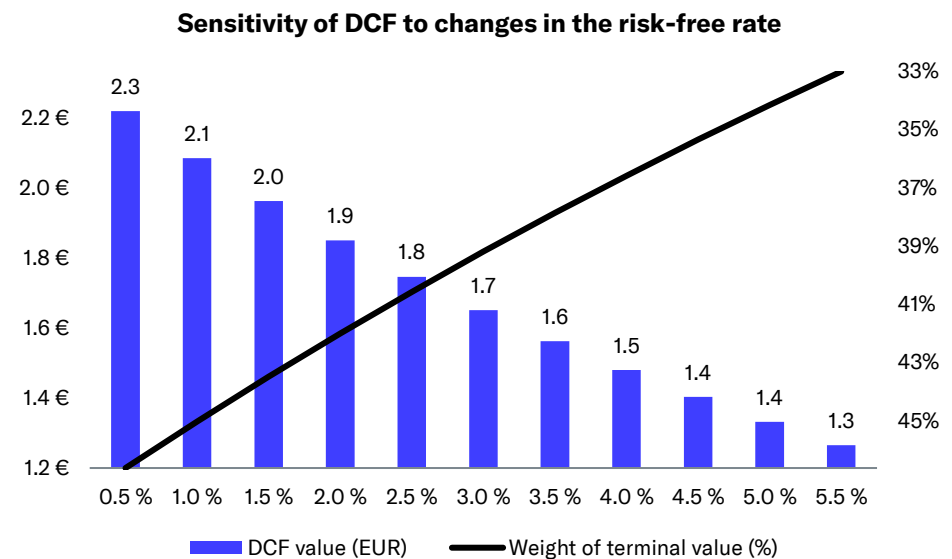
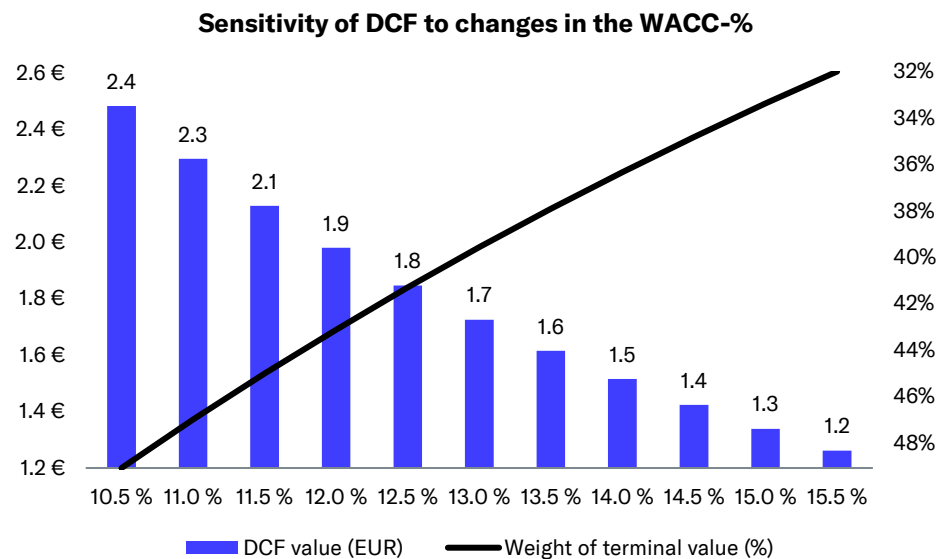
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	18.5 %	4.4 %	5.4 %	7.6 %	10.1 %	12.4 %	9.2 %	7.1 %	10.0 %	10.0 %	2.5 %	2.5 %
EBIT-%	4.7 %	7.9 %	7.9 %	8.6 %	9.2 %	9.6 %	9.6 %	9.6 %	8.0 %	8.0 %	8.0 %	8.0 %
EBIT (operating profit)	1.4	2.4	2.5	2.9	3.5	4.0	4.4	4.7	4.3	4.8	4.9	
+ Depreciation	1.3	1.3	1.2	1.4	1.4	1.6	1.6	1.7	1.7	1.8	1.8	
- Paid taxes	0.0	-0.1	-0.2	-0.4	-0.5	-0.6	-0.7	-0.7	-0.8	-0.9	-0.9	
- Tax, financial expenses	0.0	0.0	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	
- Change in working capital	-0.5	-0.2	-0.1	-0.2	-0.2	-0.3	-0.4	-0.3	-0.5	-0.5	-0.2	
Operating cash flow	2.1	3.3	3.3	3.6	4.0	4.5	4.8	5.1	4.7	5.1	5.6	
- Gross CAPEX	-0.5	-0.2	-1.0	-1.3	-1.5	-1.6	-1.7	-1.8	-1.8	-1.8	-2.1	
Free operating cash flow	1.6	3.1	2.3	2.3	2.5	2.9	3.1	3.3	2.9	3.2	3.5	
FCFF	1.6	3.1	2.3	2.3	2.5	2.9	3.1	3.3	2.9	3.2	3.5	34.2
Discounted FCFF		3.0	2.0	1.8	1.7	1.8	1.6	1.5	1.2	1.2	1.1	11.1
Sum of FCFF present value		28.0	24.9	23.0	21.2	19.5	17.8	16.1	14.6	13.4	12.2	11.1
Enterprise value DCF		28.0										
- Interest bearing debt		-9.4										
+ Cash and cash equivalents		0.3										
+ Associated companies		0.0										
-Dividend/capital return		-0.2										
Equity value DCF		18.7										
Equity value DCF per share		1.69										

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.4 %
Equity Beta	2.30
Market risk premium	4.75%
Liquidity premium	1.50%
Risk free interest rate	3.0 %
Cost of equity	15.4 %
Weighted average cost of capital (WACC)	13.0 %

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	2023	2024	2025	2026e	2027e	Per share data	2023	2024	2025	2026e	2027e
Revenue	30.4	24.2	28.7	30.0	31.6	EPS (reported)	-0.13	-0.12	0.02	0.12	0.12
EBITDA	1.1	1.3	2.7	3.6	3.7	EPS (adj.)	-0.01	-0.11	0.03	0.13	0.13
EBIT	-0.3	-0.1	1.4	2.4	2.5	OCF / share	0.13	0.20	0.19	0.30	0.30
PTP	-1.4	-1.3	0.2	1.4	1.6	OFCF / share	-0.01	0.08	0.15	0.28	0.20
Net Income	-1.4	-1.3	0.2	1.3	1.3	Book value / share	0.81	0.72	0.74	0.84	0.93
Extraordinary items	-1.3	-0.1	-0.1	-0.1	-0.1	Dividend / share	0.00	0.00	0.02	0.03	0.04
Balance sheet	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
Balance sheet total	25.4	24.0	23.6	23.2	23.4	Revenue growth-%	2%	-20%	18%	4%	5%
Equity capital	8.9	7.9	8.2	9.3	10.3	EBITDA growth-%	-35%	15%	111%	37%	2%
Goodwill	0.3	0.3	0.3	0.3	0.3	EBIT (adj.) growth-%	-55%	-102%	6391%	71%	5%
Net debt	9.6	9.6	9.1	7.1	6.0	EPS (adj.) growth-%	-108%	-874%	125%	347%	0%
Cash flow	2023	2024	2025	2026e	2027e	EBITDA-%	3.6 %	5.2 %	9.2 %	12.1 %	11.8 %
EBITDA	1.1	1.3	2.7	3.6	3.7	EBIT (adj.)-%	3.5 %	-0.1 %	5.0 %	8.2 %	8.2 %
Change in working capital	0.3	0.9	-0.5	-0.2	-0.1	EBIT-%	-0.8 %	-0.3 %	4.7 %	7.9 %	7.9 %
Operating cash flow	1.4	2.2	2.1	3.3	3.3	ROE-%	-14.8 %	-15.7 %	2.9 %	15.3 %	13.7 %
CAPEX	-1.5	-1.3	-0.5	-0.2	-1.0	ROI-%	-1.2 %	-0.3 %	7.7 %	13.9 %	15.0 %
Free cash flow	-0.1	0.9	1.6	3.1	2.3	Equity ratio	35.0 %	33.1 %	34.5 %	40.0 %	43.9 %
Valuation multiples	2023	2024	2025	2026e	2027e	Gearing	108.6 %	120.9 %	111.3 %	76.8 %	58.1 %
EV/S		1.1	0.8	0.7	0.7	Net debt/EBITDA	8.8	7.6	3.4	2.0	1.6
EV/EBITDA		21.8	8.4	6.0	5.6	EBITDA/net financials	0.9	1.0	2.4	3.8	4.1
EV/EBIT (adj.)		neg.	15.6	9.0	8.1						
P/E (adj.)		neg.	41.7	10.5	10.5						
P/B	2.5	2.3	1.6	1.6	1.4						
Dividend-%		0.0 %	1.7 %	2.2 %	3.0 %						

Source: Inderes

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

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
12/2/2021	Sell	3.60 €	4.14 €
12/16/2021	Reduce	3.60 €	3.58 €
12/23/2021	Reduce	3.85 €	4.20 €
2/14/2022	Reduce	4.00 €	3.76 €
4/21/2022	Reduce	4.10 €	3.77 €
8/19/2022	Reduce	4.10 €	3.85 €
11/14/2022	Accumulate	3.70 €	3.19 €
2/20/2022	Accumulate	3.90 €	3.49 €
5/31/2023	Reduce	3.20 €	3.02 €
8/8/2023	Accumulate	2.60 €	2.22 €
8/14/2023	Accumulate	2.80 €	2.53 €
1/10/2024	Accumulate	2.50 €	2.20 €
2/25/2024	Reduce	1.80 €	1.75 €
7/30/2024	Reduce	1.60 €	1.55 €
8/2/2024	Accumulate	2.10 €	1.80 €
10/18/2024	Accumulate	2.10 €	1.74 €
2/20/2025	Reduce	1.50 €	1.48 €
6/18/2025	Accumulate	1.40 €	1.17 €
7/15/2025	Reduce	1.40 €	1.53 €
10/24/2025	Accumulate	1.60 €	1.41 €
12/2/2025	Accumulate	1.60 €	1.22 €
2/20/2026	Accumulate	1.70 €	1.49 €
4/23/2026	Accumulate	1.70 €	1.44 €
7/15/2026	Accumulate	1.40 €	1.16 €
10/21/2026	Accumulate	1.60 €	1.35 €



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