

Gabriel Holding AS

Company report

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Earnings improving but still risks to overcome

Gabriel delivered better-than-expected Q2 2024/25 results, with growth in continuing operations accelerating to 10.5% y/y, slightly above the top-end of the guidance range. Margins also developed positively, with continuing operations EBIT of MDKK 20.9 H1'24/25, at the lower-end of guidance. Revenue from discontinuing operations declined as unprofitable contracts were terminated, but with a positive EBITDA in Q2'24/25 and growth in Europe. Despite the stronger Q2'24/25 results, risks remain elevated, as we await the conclusions from the forensic investigation into Mexican subsidiary's accounts, updates from the ongoing carve-out process, and heightened tariff-related uncertainty. The lack of a guidance upgrade also suggests a weaker H2'24/25 is projected, and while the larger European activities should be relatively insulated from tariffs, economic growth risks are elevated. While the Q2'24/25 results support our long-term view that Gabriel is well positioned to benefit from a broader market rebound given its operating leverage and outperformance in weak markets, we see significant hurdles to overcome in order to de-risk the case. We therefore reiterate our "Reduce" recommendation with a revised price target of DKK 150 per share, raised slightly from DKK 130 previously.

FurnMaster carve-out, forensic investigation in Mexico and tariffs central to near-term uncertainty

We see the FurnMaster carve-out process as the largest risk relating to Gabriel currently, this includes the results of a forensic investigation into its Mexican subsidiary's accounts which could lead to write-downs and negative unforeseen outcomes. Tariff exposure further compounds the uncertainty. While we assume production from Mexico can currently avoid the worst of tariffs there is a risk of 25% tariffs on all Mexican goods into the US which would negatively affect FurnMaster. Direct tariff exposure and the tariff-related uncertainty may also challenge the valuation or timing of the carve-out process. Despite the elevated near-term risks, the discontinuing operations did show a less negative result in Q2'24/25 of MDKK -1.5, compared to MDKK -9.4 in Q1'24/25, partly driven by 5% growth in its European operations. Ongoing one-offs relating to the restructuring and forensic accounting process should also fall during H2'24/25, but with some ongoing advisory fees. A conclusion of the forensic investigation or details regarding a valuation of the FurnMaster business unit can be triggers for lowering risk.

Continuing operations show accelerating growth, but tariff impacts remain uncertain

Gabriel's continuing Fabrics and SampleMaster units posted 9% y/y revenue growth in H1, outperforming a sluggish market, and at the high end of guidance. Higher revenues and cost discipline drove margin expansion, with EBIT reaching DKK 20.9m, already within the low-end of full-year guidance. While performance is improving, the lack of a guidance upgrade suggests higher levels of tariff-driven uncertainty, and possible tariff front-running in Q2'24/25. We continue to expect strong cash generation in H2'24/25 to support debt reduction, as demonstrated by year-to-date deleveraging. We believe material reinvestment in growth initiatives will likely only resume once the FurnMaster divestment is completed and balance sheet strength is restored.

Carve-out completion can de-risk the case, but short-term uncertainty now further elevated

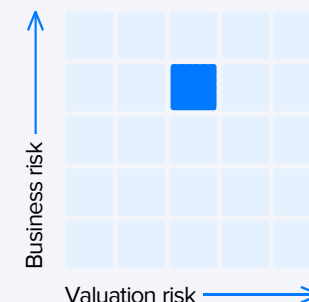
Despite the improving results in H1'24-25, we still see uncertainty relating to tariffs, the timing and valuation of the FurnMaster carve-out, and forensic investigation of Mexican accounts. We see the carve-out as an important short-term trigger to strengthen the balance sheet and restart a growth focus. Based on our DCF model, we still see long-term potential in Gabriel.

Recommendation

Reduce
(prev. Reduce)

150 DKK
(prev. 130 DKK)

Share price:
182



Key indicators

| | 2024 | 2025e | 2026e | 2027e |
|-------------------------|-------|-------|-------|--------|
| Revenue | 912.0 | 933.5 | 967.9 | 1025.6 |
| growth-% | -2% | 2% | 4% | 6% |
| EBIT adj. | 10.9 | 23.1 | 57.7 | 72.6 |
| EBIT-% adj. | 1.2 % | 2.5 % | 6.0 % | 7.1 % |
| Net Income | -15.7 | 8.0 | 36.9 | 50.6 |
| EPS (adj.) | -8.28 | 4.22 | 19.54 | 26.76 |
| P/E (adj.) | neg. | 43.1 | 9.3 | 6.8 |
| P/B | 2.0 | 1.3 | 1.1 | 1.0 |
| Dividend yield-% | 0.0 % | 0.0 % | 0.0 % | 4.4 % |
| EV/EBIT (adj.) | 78.4 | 30.2 | 11.4 | 8.6 |
| EV/EBITDA | 13.4 | 8.5 | 7.8 | 5.1 |
| EV/S | 0.9 | 0.7 | 0.7 | 0.6 |

Source: HC Andersen Capital

Guidance (Unchanged)

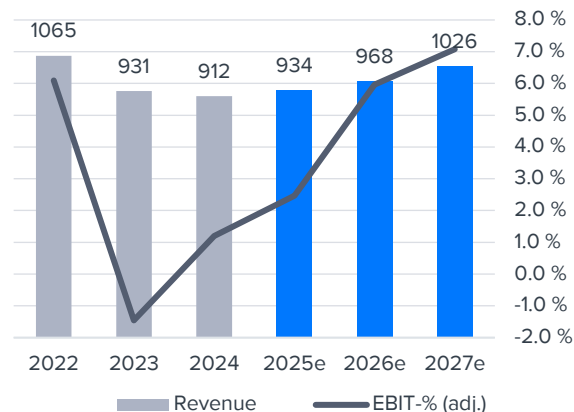
Gabriel maintained its FY'24/25 expectations for the ongoing operations, implying a revenue of MDKK 485-530 (0-10% growth) and an EBIT of MDKK 20-30.

Share price



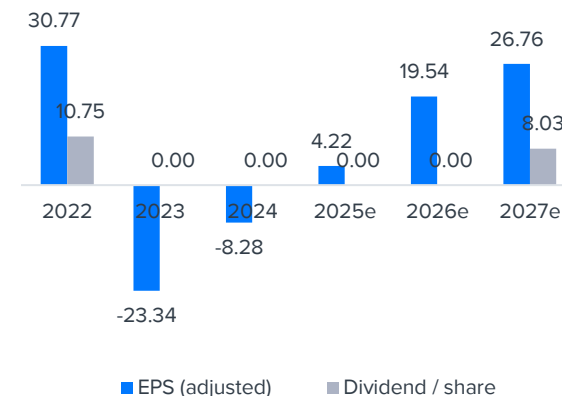
Source: S&P Capital IQ

Revenue and EBIT-% (adj.)



Source: HC Andersen Capital

EPS and DPS



Source: HC Andersen Capital



Value drivers

- Return to revenue and margin growth supported by improving macro conditions.
- Industry turnaround, return to the office, and modernize workspaces.
- Solid market position with room to grow with market-leading customers.



Risk factors

- Short-term uncertainties surrounding the FurnMaster carve-out, including in the Mexican subsidiary. Tariffs impacting Mexico may further challenge the carve-out process.
- Highly cyclical business correlated with housing market conditions and interest rates.
- Gabriel's debt is high relative to EBITDA, implying a significant risk if interest rates increase or earnings decline.
- Low share liquidity.

| Valuation | 2025e | 2026e | 2027e |
|----------------------------|-------|-------|--------|
| Share price | 182.0 | 182.0 | 182.0 |
| Number of shares, millions | 1.89 | 1.89 | 1.89 |
| Market cap | 344 | 344 | 344 |
| EV | 697 | 661 | 621 |
| P/E (adj.) | 43.1 | 9.3 | 6.8 |
| P/E | 43.1 | 9.3 | 6.8 |
| P/FCF | 51.0 | 7.7 | 7.3 |
| P/B | 1.3 | 1.1 | 1.0 |
| P/S | 0.4 | 0.4 | 0.3 |
| EV/Sales | 0.7 | 0.7 | 0.6 |
| EV/EBITDA | 8.5 | 7.8 | 5.1 |
| EV/EBIT (adj.) | 30.2 | 11.4 | 8.6 |
| Payout ratio (%) | 0.0 % | 0.0 % | 30.0 % |
| Dividend yield-% | 0.0 % | 0.0 % | 4.4 % |

Source: HC Andersen Capital

Note: Gabriel has skewed reporting periods. Fiscal year 2024/2025 is 1 Oct 2024 – 30 Sept 2025. In the above graphs and table to the right, 2025e reflects Gabriel's 2024/25 fiscal period. 2026e reflects fiscal period 2025/26 and 2027e reflects fiscal period 2026/27.

Stonger Q2'24/25 results support upward EBIT adjustments

Q2'24/25 showing strong continuing operations revenue and margin growth

Revenue in continuing operations grew 10.5% y/y in Q2'24/25, accelerating from 6.5% in Q1'24/25 and slightly exceeding the high end of its guidance interval for 0-10% growth in continuing operations. However, discontinuing operations revenues declined due to unprofitable contract terminations in Mexico, despite FurnMaster's European activities growing 5%. Group revenue grew 3.1% y/y to MDKK 248.7 above our projection of stable revenue. The Q2'24/25 performance showed solid recovery in the core operations after a prolonged furniture fabrics market downturn. The strong results lead us raise our revenue expectations for Q3'24/25 and Q4'24/25 now expecting +2.5% (+0.5 p.p) and 3.7% (+1.0 p.p) growth respectively. However, the absence of a guidance upgrade moderates our outlook given the possibility of tariff front running in Q2 pulling-forward some demand from later quarters. We maintain our growth curve beyond 2024/25 but increase EBIT expectation for 2025/26.

Operating leverage supports margin expansion

The operating leverage from the Group's production facilities supported margin expansion in Q2 as COGS and OPEX remained mostly stable. Continuing operations EBITDA margin expanded to 19.6% Q2'24/25 (+9.3 p.p y/y), while EBIT margins grew to 12.2% in Q2 (+9.0 p.p. y/y). Group EBITDA was MDKK 30.8 in Q2'24/25, up from MDKK 19.5 in Q2'23/24 with an EBITDA margin of 12.4%, (+4.3 p.p. y/y), and positive EBITDA of MDKK 3.7 in discontinuing operations. Group EBIT was MDKK 15.7 in Q2

with EBIT margin rising to 6.3% (+3.3 p.p. y/y) driven by a higher EBITDA and relatively stable depreciation and amortization. EBIT from continuing operations reached MDKK 16.8 in Q2'24/25 bringing the H1 EBIT to MDKK 20.9 and within its full year guidance interval of MDKK 20-30. We assume existing production current capacity can support higher revenue and future further margin expansion, however, the absence of a guidance upgrade points to some demand pull-forward from tariff uncertainty and expected seasonally softer H2 2024/25. Following the strong Q2'24/25 results, we raise our 2025 group EBIT estimate to MDKK 23.1, up from MDKK 3.0 previously projecting continuing operations to slightly exceed guidance and a less negative result for discontinuing operations.

Cash flow supports deleveraging, but gearing remains high

Positive operating cash flow in Q2, driven by operating income, controlled working capital growth and limited CAPEX, enabled Gabriel to repay DKK 18.5m in debt during the quarter as deleveraging remains a key focus. Gabriel's NIBD/EBITDA (LTM) declined to 5.4x in Q2, down from 6.6x in Q1, however, leverage remains high. We continue to view the planned FurnMaster carve-out (targeted before 30 September 2025) as a key trigger for further debt reduction, but consider that tariffs have added complexity to the process possibly impacting timing and/or valuation.

| Estimates | Q2'24 | Q2'25 | Q2'25e | Q2'25e | Consensus | | Difference (%) | 2025e |
|------------------|------------|------------|--------|-----------|-----------|------|----------------|-------|
| | Comparison | Actualized | HCA | Consensus | Low | High | Act. vs. HCA | HCA |
| MDKK / DKK | | | | | | | | |
| Revenue | 241 | 249 | 241 | | | | 3.1% | 934 |
| EBITDA | 19.5 | 30.9 | 15.9 | | | | 94% | 82.0 |
| EBIT | 7.3 | 15.7 | 2.4 | | | | 550% | 23.1 |
| PTP | 4.2 | 12.0 | -0.6 | | | | nm | 8.9 |
| EPS (reported) | 2.38 | | -0.26 | | | | nm | 4.22 |
| Revenue growth-% | -3.7 % | 3.1 % | 0.0 % | | | | 3.1 pp | 2.4 % |
| EBIT-% (adj.) | 3.0 % | 6.3 % | 1.0 % | | | | 5.3 pp | 2.5 % |

Source: HC Andersen Capital

Valuation

Risks have been more appropriately priced, but no clear trigger for a valuation re-rating.

We believe the recent market adjustment in Gabriel's value (EV) more appropriately considers the elevated risks relating to the ongoing FurnMaster carve-out and low absolute earnings levels. While H1'24/25 showed signs of growth and earnings improvement in the continuing operations, increased tariff uncertainty further compounds short-term risks. Given the heightened uncertainty, we do not see a clear trigger for a valuation re-rating, also supported by our DCF and peer valuation analysis. We reiterate our Reduce recommendation with a new price target of DKK 150.

Near-term multiples remain high but more in line with peers on a 2025/26 basis

Looking at our peer groups, including international furniture producers and Danish cyclical small/mid-cap companies with similar market drivers, we find average/median levels are around the 10-14x EV/EBIT level for (2025e) according to estimates extracted from S&P Capital IQ. Our estimates have Gabriel trading at an EV/EBIT level of 30.5x for 2024/25e due a still challenged EBIT margin, despite improving. On a 2025/26e basis, an EV/EBIT level around 11x is closer to the level of peers but remains slightly elevated. Multiples for the peer group are also generally trading below historical levels due to the market challenges and cyclical downturn, which has impacted all peers.

Waiting for the carve-out to unlock value

We expect a completed carve-out of FurnMaster can unlock value. While FurnMaster showed improvement during Q2'24/25 with a positive EBITDA, the unit continues to drag on earnings in absolute terms. But more importantly, the carve-out will strengthen the

balance sheet, increasing Gabriel's ability to invest in the higher growth, higher margin, continuing operations. The FurnMaster business unit is currently reported by Gabriel to have a book value on a debt-free basis of around MDKK 200. Further details regarding a prospective sales price have not thus far been disclosed, and management maintains its communicated ambitions to complete the carve-out within the financial year 2024/25, which runs until 30 September 2025.

DCF suggests long-term outlook remains positive.

Following the model revisions made in response to better-than-expected Q2'24/25 results, our DCF model suggests a value of DKK 190 per share, reflecting an equity value of MDKK 333. The change in DCF value from DKK 161 per share previously, is due to higher earnings expectations FY'24/25. The WACC is held at 9.8% also reflecting greater near-term tariff uncertainty. Our DCF model reflects the long-term value of Gabriel based on current assumptions, including adjustments for tariff and trade war uncertainty. While these assumptions remain our base case, uncertainty is elevated relating to the carve-out of FurnMaster, investigation into the Mexican subsidiary and potential tariff-driven growth shock.

Our DCF offers a valuation perspective for a de-risked case with greater clarity on the market outlook and company-specific challenges. The sensitivity analysis on page 11 offers perspectives on how the DCF value varies in response to key assumptions, showing significant sensitivity to WACC and the terminal EBIT margin assumptions.

| Valuation | 2025e | 2026e | 2027e |
|----------------------------|-------|-------|--------|
| Share price | 182.0 | 182.0 | 182.0 |
| Number of shares, millions | 1.89 | 1.89 | 1.89 |
| Market cap | 344 | 344 | 344 |
| EV | 697 | 661 | 621 |
| P/E (adj.) | 43.1 | 9.3 | 6.8 |
| P/E | 43.1 | 9.3 | 6.8 |
| P/FCF | 51.0 | 7.7 | 7.3 |
| P/B | 1.3 | 1.1 | 1.0 |
| P/S | 0.4 | 0.4 | 0.3 |
| EV/Sales | 0.7 | 0.7 | 0.6 |
| EV/EBITDA | 8.5 | 7.8 | 5.1 |
| EV/EBIT (adj.) | 30.2 | 11.4 | 8.6 |
| Payout ratio (%) | 0.0 % | 0.0 % | 30.0 % |
| Dividend yield-% | 0.0 % | 0.0 % | 4.4 % |

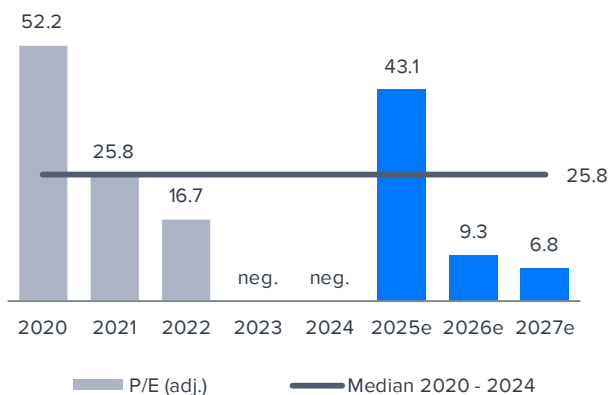
Source: HC Andersen Capital

Valuation table

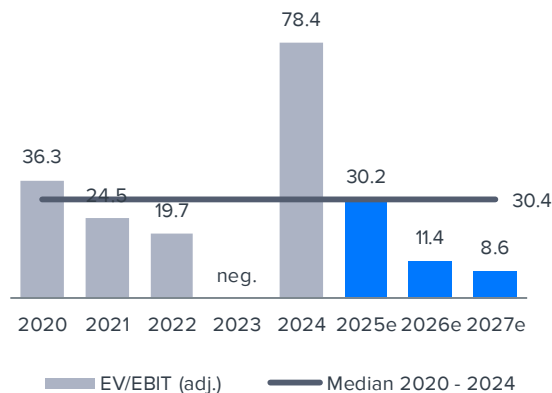
| Valuation | 2020 | 2021 | 2022 | 2023 | 2024 | 2025e | 2026e | 2027e | 2028e |
|----------------------------|--------|--------|--------|-------|-------|-------|-------|--------|--------|
| Share price | 690.0 | 630.0 | 515.0 | 306.0 | 270.0 | 182.0 | 182.0 | 182.0 | 182.0 |
| Number of shares, millions | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 |
| Market cap | 1304 | 1191 | 973 | 578 | 510 | 344 | 344 | 344 | 344 |
| EV | 1522 | 1435 | 1282 | 940 | 855 | 697 | 661 | 621 | 584 |
| P/E (adj.) | 52.2 | 25.8 | 16.7 | neg. | neg. | 43.1 | 9.3 | 6.8 | 5.2 |
| P/E | 52.2 | 25.8 | 16.7 | neg. | neg. | 43.1 | 9.3 | 6.8 | 5.2 |
| P/FCF | 35.8 | >100 | neg. | 32.7 | neg. | 51.0 | 7.7 | 7.3 | 6.0 |
| P/B | 4.6 | 3.7 | 2.8 | 2.1 | 2.0 | 1.3 | 1.1 | 1.0 | 0.8 |
| P/S | 1.8 | 1.5 | 0.9 | 0.6 | 0.6 | 0.4 | 0.4 | 0.3 | 0.3 |
| EV/Sales | 2.1 | 1.8 | 1.2 | 1.0 | 0.9 | 0.7 | 0.7 | 0.6 | 0.5 |
| EV/EBITDA | 18.9 | 14.9 | 11.9 | 26.2 | 13.4 | 8.5 | 7.8 | 5.1 | 4.0 |
| EV/EBIT (adj.) | 36.3 | 24.5 | 19.7 | neg. | 78.4 | 30.2 | 11.4 | 8.6 | 6.5 |
| Payout ratio (%) | 37.8 % | 39.9 % | 34.9 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 30.0 % | 40.0 % |
| Dividend yield-% | 0.7 % | 1.5 % | 2.1 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 4.4 % | 7.7 % |

Source: HC Andersen Capital

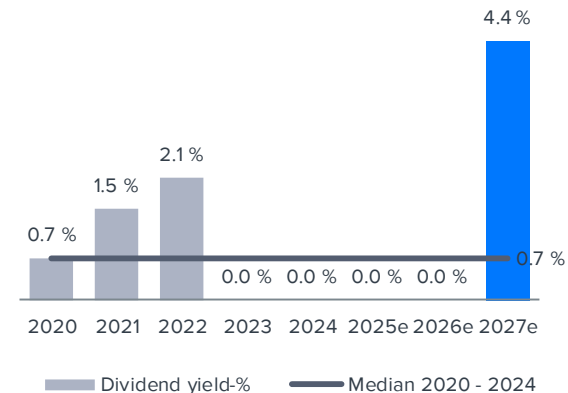
P/E (adj.)



EV/EBIT



Dividend yield-%



Peer group valuation

| Peer group valuation | Market cap | EV | EV/EBIT | | EV/EBITDA | | EV/S | | P/E | | Dividend yield-% | | P/B |
|--|------------|------------|-------------|-------------|------------|------------|------------|------------|-------------|-------------|------------------|-------------|------------|
| Company | MDKK | MDKK | 2025e | 2026e | 2025e | 2026e | 2025e | 2026e | 2025e | 2026e | 2025e | 2026e | 2025e |
| Culp, Inc. | 335 | 370 | | 9.5 | | 4.9 | 0.3 | 0.2 | | 15.5 | | | |
| <u>International customers/producers</u> | | | | | | | | | | | | | |
| MillerKnoll, Inc. | 7,505 | 18,714 | 12.1 | 11.8 | 7.9 | 7.8 | 0.8 | 0.8 | 9.4 | 8.6 | 4.5% | 4.5% | 0.9 |
| Steelcase Inc. | 7,950 | 9,358 | 8.3 | 6.8 | 5.1 | 4.5 | 0.4 | 0.4 | 9.7 | 8.1 | 3.8% | 3.8% | 1.2 |
| HNI Corporation | 14,356 | 17,825 | 11.6 | 10.0 | 7.9 | 7.4 | 1.0 | 1.0 | 13.4 | 11.7 | | | 2.2 |
| <u>Danish cyclical small/mid cap</u> | | | | | | | | | | | | | |
| HusCompagniet A/S | 1,142 | 1,413 | 14.2 | 7.8 | 10.0 | 6.4 | 0.5 | 0.4 | 22.6 | 9.6 | 1.2% | 3.9% | 0.5 |
| TCM Group A/S | 787 | 1,066 | 9.9 | 7.8 | 7.1 | 5.9 | 0.8 | 0.7 | 11.5 | 8.8 | 5.0% | 6.1% | 1.3 |
| H+H International A/S | 1,918 | 2,684 | 15.9 | 11.6 | 7.3 | 6.1 | 0.9 | 0.9 | 23.7 | 14.3 | | | 1.2 |
| Gabriel Holding AS (HCA) | 344 | 697 | 30.2 | 11.4 | 8.5 | 7.8 | 0.7 | 0.7 | 43.1 | 9.3 | 0.0% | 0.0% | 1.3 |
| Average | | | 12.0 | 9.3 | 7.6 | 6.1 | 0.7 | 0.6 | 15.0 | 11.0 | 3.6% | 4.6% | 1.2 |
| Median | | | 11.9 | 9.5 | 7.6 | 6.1 | 0.8 | 0.7 | 12.4 | 9.6 | 4.1% | 4.2% | 1.2 |
| Diff.% to median | | | 154% | 21% | 12% | 27% | -4% | -7% | 247% | -3% | N/A | N/A | 10% |

Source: HC Andersen Capital, S&P Capital IQ

Income statement

| Income statement | 2023 | 2024 | Q1'25 | Q2'25 | Q3'25e | Q4'25e | 2025e | 2026e | 2027e | 2028e |
|------------------------------------|---------------|--------------|--------------|--------------|---------------|---------------|--------------|--------------|--------------|--------------|
| Revenue | 931 | 912 | 228 | 249 | 237 | 220 | 934 | 968 | 1026 | 1094 |
| Fabrics | 928 | 909 | 227 | 246 | 236 | 219 | 928 | 963 | 1020 | 1088 |
| Letting offices | 3.2 | 3.3 | 0.8 | 2.7 | 0.8 | 0.8 | 5.1 | 5.3 | 5.6 | 6.0 |
| EBITDA | 35.8 | 63.9 | 13.8 | 30.9 | 19.8 | 17.5 | 82.0 | 85.2 | 122 | 145 |
| Depreciation | -49.4 | -53.0 | -13.5 | -15.2 | -15.1 | -15.1 | -58.9 | -27.4 | -48.9 | -55.2 |
| EBIT (excl. NRI) | -13.6 | 10.9 | 0.3 | 15.7 | 4.7 | 2.4 | 23.1 | 57.7 | 72.6 | 89.8 |
| EBIT | -13.6 | 10.9 | 0.3 | 15.7 | 4.7 | 2.4 | 23.1 | 57.7 | 72.6 | 89.8 |
| Fabrics | -15.8 | 9.2 | 0.0 | 14.7 | 4.3 | 1.9 | 20.9 | 57.4 | 72.2 | 89.3 |
| Letting offices | 2.2 | 1.8 | 0.3 | 1.0 | 0.5 | 0.5 | 2.2 | 0.3 | 0.4 | 0.5 |
| Share of profits in assoc. compan. | 0.4 | 0.9 | 0.8 | 0.1 | 0.1 | 0.1 | 1.2 | 1.0 | 2.0 | 3.2 |
| Net financial items | -15.6 | -19.7 | -3.9 | -3.8 | -3.8 | -3.8 | -15.4 | -12.2 | -11.1 | -10.1 |
| PTP | -28.8 | -7.9 | -2.7 | 12.0 | 1.0 | -1.3 | 8.9 | 46.5 | 63.5 | 82.9 |
| Taxes | -15.4 | -7.8 | 0.5 | -1.5 | -0.2 | 0.3 | -0.9 | -9.6 | -12.9 | -16.7 |
| Minority interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net earnings | -44.1 | -15.7 | -2.2 | 10.4 | 0.8 | -1.1 | 8.0 | 36.9 | 50.6 | 66.2 |
| EPS (adj.) | -23.34 | -8.28 | -1.17 | 5.52 | 0.43 | -0.56 | 4.22 | 19.54 | 26.76 | 35.02 |
| EPS (rep.) | -23.34 | -8.28 | -1.17 | 5.52 | 0.43 | -0.56 | 4.22 | 19.54 | 26.76 | 35.02 |
| Key figures | 2023 | 2024 | Q1'25 | Q2'25 | Q3'25e | Q4'25e | 2025e | 2026e | 2027e | 2028e |
| Revenue growth-% | -12.6 % | -2.1 % | 0.2 % | 3.1 % | 2.5 % | 3.7 % | 2.4 % | 3.7 % | 6.0 % | 6.7 % |
| Adjusted EBIT growth-% | -120.9 % | -180.3 % | -90.7 % | 116.1 % | -44.8 % | -129.0 % | 111.8 % | 150.1 % | 25.7 % | 23.6 % |
| EBITDA-% | 3.8 % | 7.0 % | 6.0 % | 12.4 % | 8.4 % | 7.9 % | 8.8 % | 8.8 % | 11.9 % | 13.3 % |
| Adjusted EBIT-% | -1.5 % | 1.2 % | 0.1 % | 6.3 % | 2.0 % | 1.1 % | 2.5 % | 6.0 % | 7.1 % | 8.2 % |
| Net earnings-% | -4.7 % | -1.7 % | -1.0 % | 4.2 % | 0.3 % | -0.5 % | 0.9 % | 3.8 % | 4.9 % | 6.1 % |

Source: HC Andersen Capital

Balance sheet

| Assets | 2023 | 2024 | 2025e | 2026e | 2027e |
|------------------------------|------------|------------|------------|------------|------------|
| Non-current assets | 385 | 382 | 399 | 404 | 410 |
| Goodwill | 51.2 | 52.1 | 52.1 | 52.1 | 52.1 |
| Tangible & intangible assets | 286 | 284 | 290 | 295 | 300 |
| Associated companies | 32.3 | 32.9 | 33.3 | 33.8 | 34.3 |
| Other investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other non-current assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Deferred tax assets | 14.7 | 14.0 | 23.2 | 23.2 | 23.2 |
| Current assets | 389 | 395 | 395 | 397 | 412 |
| Inventories | 198 | 203 | 201 | 201 | 210 |
| Other current assets | 22.8 | 15.9 | 20.1 | 20.1 | 21.4 |
| Receivables | 130 | 137 | 137 | 137 | 139 |
| Cash and equivalents | 38.5 | 38.5 | 37.3 | 38.7 | 41.0 |
| Balance sheet total | 774 | 777 | 794 | 801 | 821 |

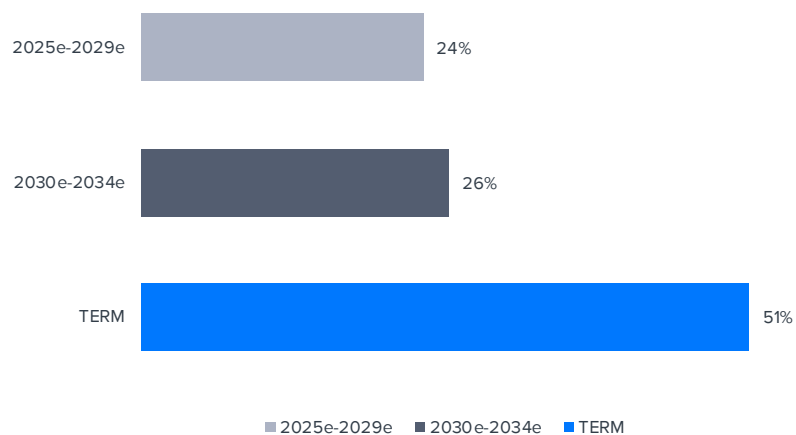
Source: HC Andersen Capital

| Liabilities & equity | 2023 | 2024 | 2025e | 2026e | 2027e |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|
| Equity | 276 | 262 | 270 | 307 | 357 |
| Share capital | 37.8 | 37.8 | 37.8 | 37.8 | 37.8 |
| Retained earnings | 250 | 235 | 243 | 279 | 330 |
| Hybrid bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Revaluation reserve | -12.4 | -10.7 | -10.7 | -10.7 | -10.7 |
| Other equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-current liabilities | 84.1 | 72.8 | 72.8 | 72.8 | 72.8 |
| Deferred tax liabilities | 12.0 | 11.6 | 11.6 | 11.6 | 11.6 |
| Provisions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest bearing debt | 72.0 | 61.1 | 61.1 | 61.1 | 61.1 |
| 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 | 414 | 443 | 451 | 422 | 391 |
| Interest bearing debt | 328 | 353 | 358 | 323 | 286 |
| Payables | 47.8 | 53.3 | 56.0 | 60.5 | 66.7 |
| Other current liabilities | 38.2 | 36.7 | 37.5 | 38.2 | 39.0 |

DCF calculation

| DCF model | 2024 | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e | 2032e | 2033e | 2034e | TERM |
|---|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Revenue growth-% | -2.1% | 2.4% | 3.7% | 6.0% | 6.7% | 5.6% | 4.5% | 3.3% | 2.6% | 2.0% | 2.0% | 2.0% |
| EBIT-% | 1.2% | 2.5% | 6.0% | 7.1% | 8.2% | 9.0% | 9.4% | 8.5% | 8.1% | 7.1% | 7.1% | 7.1% |
| EBIT (operating profit) | 10.9 | 23.1 | 57.7 | 72.6 | 89.8 | 104 | 114 | 106 | 103 | 92.7 | 94.6 | |
| + Depreciation | 53.0 | 58.9 | 27.4 | 48.9 | 55.2 | 55.5 | 55.8 | 56.1 | 56.6 | 57.4 | 57.4 | |
| - Paid taxes | -7.4 | -10.2 | -9.6 | -12.9 | -16.7 | -19.9 | -22.2 | -20.6 | -21.0 | -18.7 | -19.1 | |
| - Tax, financial expenses | -4.3 | -1.9 | -2.6 | -2.4 | -2.1 | -1.9 | -1.8 | -1.7 | -1.8 | -1.8 | -1.8 | |
| + Tax, financial income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | |
| - Change in working capital | -1.6 | 2.2 | 4.2 | -5.1 | -9.0 | -9.0 | -5.6 | -5.3 | -5.5 | -3.3 | -6.4 | |
| Operating cash flow | 50.5 | 72.1 | 77.2 | 101 | 117 | 129 | 140 | 135 | 132 | 126 | 125 | |
| + 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 | -51.1 | -65.3 | -32.4 | -53.9 | -60.2 | -60.5 | -60.8 | -61.1 | -56.6 | -57.3 | -57.4 | |
| Free operating cash flow | -0.6 | 6.7 | 44.8 | 47.3 | 57.0 | 68.0 | 79.4 | 73.4 | 75.2 | 69.1 | 67.4 | |
| +/- Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| FCFF | -0.6 | 6.7 | 44.8 | 47.3 | 57.0 | 68.0 | 79.4 | 73.4 | 75.2 | 69.1 | 67.4 | 883 |
| Discounted FCFF | | 6.4 | 38.4 | 36.9 | 40.5 | 44.1 | 46.9 | 39.5 | 36.8 | 30.8 | 27.4 | 359 |
| Sum of FCFF present value | | 706 | 700 | 661 | 624 | 584 | 540 | 493 | 454 | 417 | 386 | 359 |
| Enterprise value DCF | | 706 | | | | | | | | | | |
| - Interest bearing debt | | -414.0 | | | | | | | | | | |
| + Cash and cash equivalents | | 38.5 | | | | | | | | | | |
| -Minorities | | 0.0 | | | | | | | | | | |
| -Dividend/capital return | | 0.0 | | | | | | | | | | |
| Equity value DCF | | 359 | | | | | | | | | | |
| Equity value DCF per share | | 190.2 | | | | | | | | | | |

Cash flow distribution

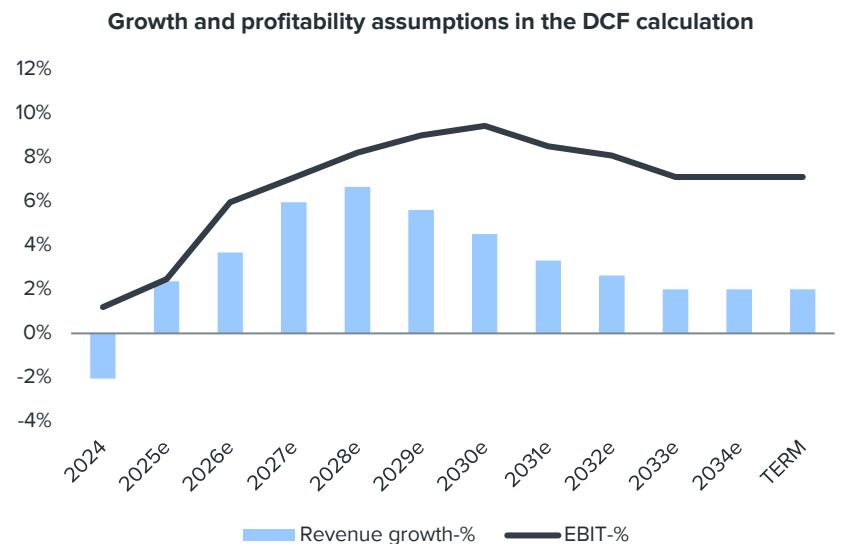
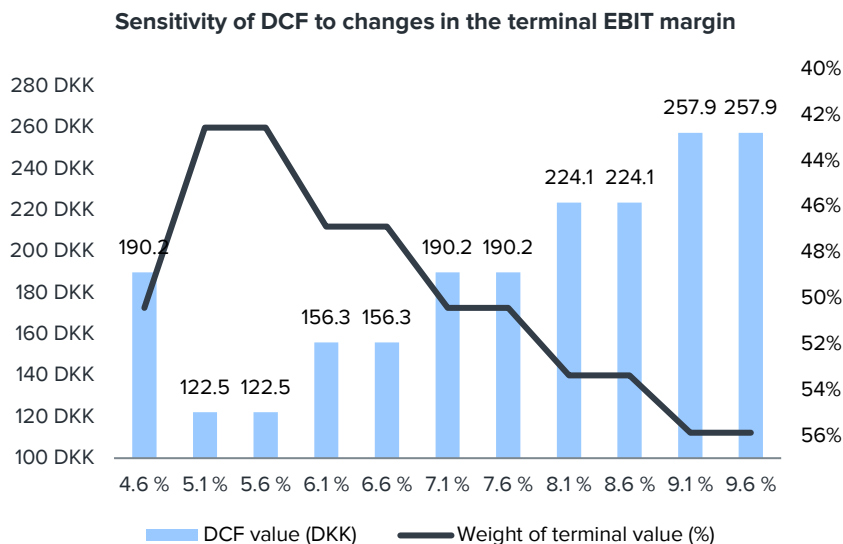
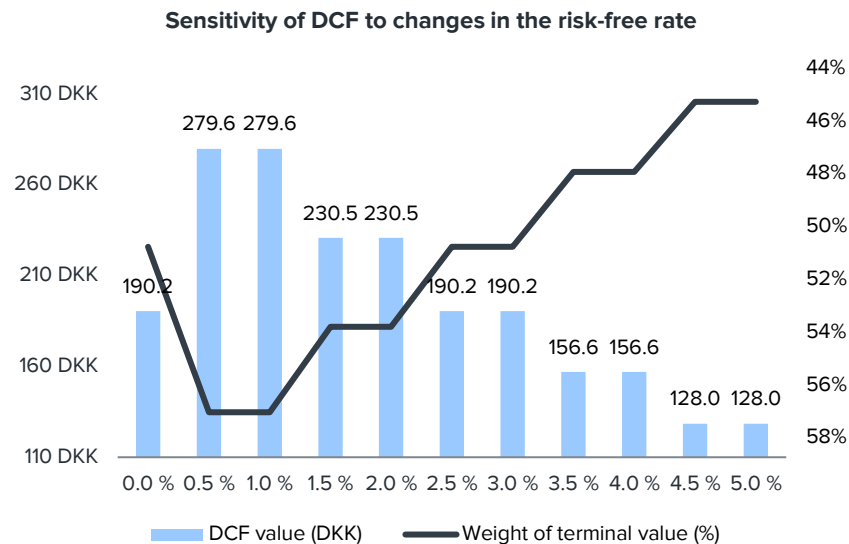
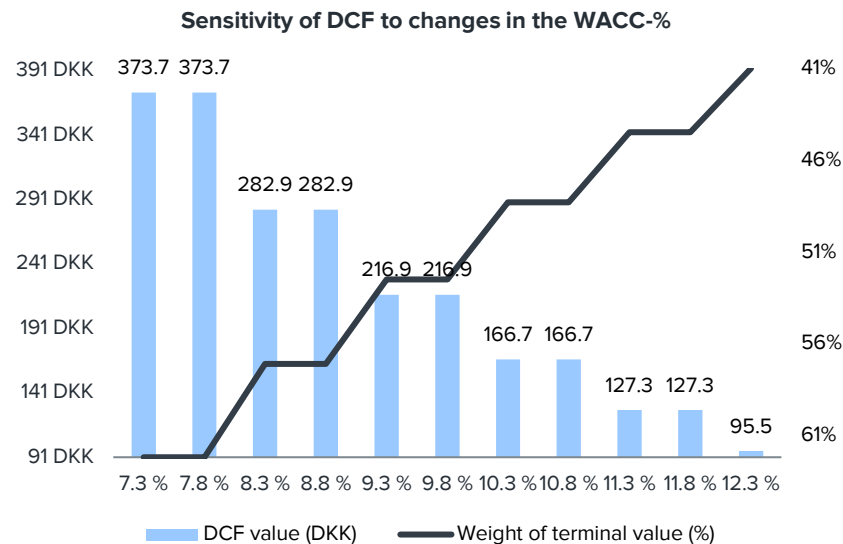


WACC

| | |
|--|--------------|
| Tax-% (WACC) | 22.0% |
| Target debt ratio (D/(D+E)) | 30.0% |
| Cost of debt | 5.50% |
| Equity Beta | 1.40 |
| Market risk premium | 4.75% |
| Liquidity premium | 3.00% |
| Risk free interest rate | 2.50% |
| Cost of equity | 12.2% |
| Weighted average cost of capital (WACC) | 9.8% |

Source: HC Andersen Capital

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 | Per share data | 2022 | 2023 | 2024 | 2025e | 2026e |
|---------------------------|--------|-------|-------|--------------|--------------|--------------------------|--------|---------|---------|----------------|----------------|
| Revenue | 1065.0 | 931.2 | 912.0 | 933.5 | 967.9 | EPS (reported) | 30.77 | -23.34 | -8.28 | 4.22 | 19.54 |
| EBITDA | 107.5 | 35.8 | 63.9 | 82.0 | 85.2 | EPS (adj.) | 30.77 | -23.34 | -8.28 | 4.22 | 19.54 |
| EBIT | 64.9 | -13.6 | 10.9 | 23.1 | 57.7 | OCF / share | -1.12 | 27.74 | 26.72 | 38.14 | 40.87 |
| PTP | 80.6 | -28.8 | -7.9 | 8.9 | 46.5 | FCF / share | -22.86 | 9.34 | -0.30 | 3.57 | 23.71 |
| Net Income | 58.2 | -44.1 | -15.7 | 8.0 | 36.9 | Book value / share | 183.66 | 145.86 | 138.43 | 142.65 | 162.19 |
| Extraordinary items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | Dividend / share | 10.75 | 0.00 | 0.00 | 0.00 | 0.00 |
| Balance sheet | 2022 | 2023 | 2024 | 2025e | 2026e | Growth and profitability | 2022 | 2023 | 2024 | 2025e | 2026e |
| Balance sheet total | 861.0 | 773.7 | 777.2 | 793.5 | 801.4 | Revenue growth-% | 32% | -13% | -2% | 2% | 4% |
| Equity capital | 347.1 | 275.7 | 261.6 | 269.6 | 306.5 | EBITDA growth-% | 11% | -67% | 78% | 28% | 4% |
| Goodwill | 50.7 | 51.2 | 52.1 | 52.1 | 52.1 | EBIT (adj.) growth-% | 11% | -121% | -180% | 112% | 150% |
| Net debt | 308.9 | 361.5 | 344.2 | 352.7 | 317.0 | EPS (adj.) growth-% | 26% | -176% | -65% | -151% | 363% |
| Cash flow | 2022 | 2023 | 2024 | 2025e | 2026e | EBITDA-% | 10.1 % | 3.8 % | 7.0 % | 8.8 % | 8.8 % |
| EBITDA | 107.5 | 35.8 | 63.9 | 82.0 | 85.2 | EBIT (adj.)-% | 6.1 % | -1.5 % | 1.2 % | 2.5 % | 6.0 % |
| Change in working capital | -77.0 | 5.1 | -1.6 | 2.2 | 4.2 | EBIT-% | 6.1 % | -1.5 % | 1.2 % | 2.5 % | 6.0 % |
| Operating cash flow | -2.1 | 52.4 | 50.5 | 72.1 | 77.2 | ROE-% | 17.4 % | -14.2 % | -5.8 % | 3.0 % | 12.8 % |
| CAPEX | -43.0 | -39.6 | -51.1 | -65.3 | -32.4 | ROI-% | 12.8 % | -1.8 % | 1.7 % | 3.6 % | 8.5 % |
| Free cash flow | -43.2 | 17.7 | -0.6 | 6.7 | 44.8 | Equity ratio | 40.3 % | 35.6 % | 33.7 % | 34.0 % | 38.2 % |
| Valuation multiples | 2022 | 2023 | 2024 | 2025e | 2026e | Gearing | 89.0 % | 131.1 % | 143.5 % | 141.5 % | 112.8 % |
| EV/S | 1.2 | 1.0 | 0.9 | 0.7 | 0.7 | | | | | | |
| EV/EBITDA | 11.9 | 26.2 | 13.4 | 8.5 | 7.8 | | | | | | |
| EV/EBIT (adj.) | 19.7 | neg. | 78.4 | 30.2 | 11.4 | | | | | | |
| P/E (adj.) | 16.7 | neg. | neg. | 43.1 | 9.3 | | | | | | |
| P/B | 2.8 | 2.1 | 2.0 | 1.3 | 1.1 | | | | | | |
| Dividend-% | 2.1 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | | | | | | |

Source: HC Andersen Capital

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Recommendation history (>12 mo)

| Date | Recommendation | Target | Share price |
|------------|----------------|-----------|-------------|
| 16/04/2025 | Reduce | 130.0 DKK | 134.0 DKK |
| 07/02/2025 | Reduce | 180.0 DKK | 153.0 DKK |
| 09/01/2025 | Reduce | 195.0 DKK | 182.0 DKK |
| 18/11/2024 | Reduce | 225.0 DKK | 230.0 DKK |
| 30/08/2024 | Accumulate | 300.0 DKK | 272.0 DKK |
| 30/06/2024 | Accumulate | 295.0 DKK | 260.0 DKK |

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