ELTEL

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INDERES CORPORATE CUSTOMER

COMPANY REPORT

The margin story remains intact

While Eltel's Q3 revenue came in below our estimate, the margins aligned well with our expectations. We view the in-line Q3 margin, despite lower revenue, as a sign of higher resilience and further proof that Eltel's operational and commercial efficiency measures are delivering results. We also feel the continued good progress in new business areas (24% of total contracted value in Q3) supports continued profitability improvement going forward. In a turnaround case like Eltel, the margin progression remains central to our investment thesis, as it is the main driver of sustainable value creation. We feel the company has taken clear and consistent steps in the right direction and is now better positioned to sustain and continue to improve its margins. That said, in light of the Q3 report, we have revised our revenue estimates down but kept margins largely intact. After the post-earnings share price decline, we believe the current valuation offers a good risk-adjusted return potential over the next 12 months. We therefore reiterate our Accumulate recommendation and raise our target price to SEK 9.9 (was SEK 9.7).

Softer Q3 revenue than expected

Group revenue decreased by 1% (y/y) to 208 MEUR, below our expected 222 MEUR. On the profitability side, adjusted EBITA continued to improve, amounting to 9.1 MEUR (Q3'24: 8.3 MEUR) and a 4.3% margin. While the absolute figure was below our estimated 9.6 MEUR, the margin matched our expectations. Considering the lower-than-expected volumes in Q3, we think the in-line margin is particularly encouraging and provides further evidence of a more resilient, efficient, and commercially disciplined business. At a country-unit level, top-line growth was mixed across geographies, but overall weaker than we had expected. While some areas show nice growth, they have not offset other areas that face declining volumes. For example, in Finland, the Power segment grew 33% year-on-year, driven by e.g. Solar PV, while the Communication segment declined by 27% due to lower volumes in the fiber-to-the-home (FTTH) business.

In Norway, the telecommunication market remained soft and revenue declined by -12% (Inderes est. -3%). However, despite this, profitability in Norway exceeded our estimates (EBITA-%: 1.7% vs 0.8%), and thus, reached black figures after more than two years of negative margins.

We lower our revenue estimates but keep margins intact

The Q3 report and management's commentary suggest no major changes to the broader outlook, with demand remaining mixed across geographies and service lines. Outside Norway, demand appears at least decent. However, following the weaker-than-expected revenue in Q3, we have lowered our estimates for the Group. At Group level, our revenue estimates decreased by 3-4% for 2025-2027. While our adjusted EBITA estimates for 2025e was reduced by ~3%, the impact on our medium to longer term estimates was less pronounced as we kept our EBITA margin estimates largely unchanged.

Share pullback keeps risk/reward attractive

Based on our updated estimates changes, we still consider the overall earnings-based valuation for the current year as stretched (EV/EBITDA 6x, EV/EBIT 13x, P/E 51x), relative to our acceptable valuation range (EV/EBITDA 5x-7x, EV/EBIT 8x-11x, P/E 9x-13x). However, we expect valuation multiples to fall to more neutral and even attractive levels during 2026-2027 (EV/EBITDA: 4x, EV/EBIT: 9-8x, P/E: 12-9x), supported by strong earnings growth. With Eltel being, in our view, structurally better positioned today than before to maintain improved margins, supported by its ninth consecutive quarter of year-on-year profitability improvements, we feel that we can rely more on forward-looking valuation. Our DCF model also supports our view on the valuation, indicating a value per share of SEK 9.9 (was SEK 10.0). Overall, we think the risk-adjusted expected return is good at the current share price level.

Recommendation
Accumulate
(prev. Accumulate)

Target price:
SEK 9.90
(prev. SEK 9.70)

Share price:
SEK 8.90

Business risk
●●●●○

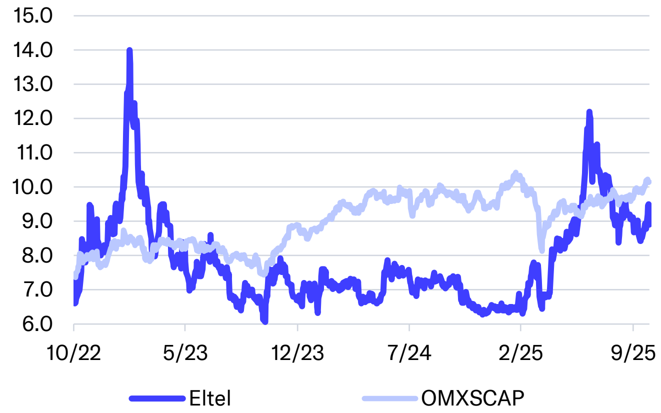
Valuation risk
●●●○○

	2024	2025e	2026e	2027e
Revenue	828.7	809.0	831.4	853.8
growth-%	-3%	-2%	3%	3%
EBIT adj.	10.4	20.9	27.0	30.0
EBIT-% adj.	1.3 %	2.6 %	3.2 %	3.5 %
Net Income	-29.8	2.9	10.5	14.7
EPS (adj.)	-0.03	0.02	0.07	0.09
P/E (adj.)	neg.	50.9	12.2	8.7
P/B	0.6	0.8	0.8	0.7
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	22.2	13.1	9.4	8.0
EV/EBITDA	5.3	5.5	4.4	3.9
EV/S	0.3	0.3	0.3	0.3

Source: Inderes

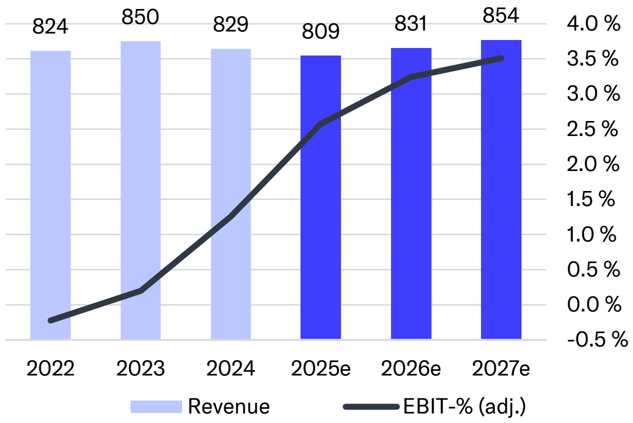
Guidance (Eltel provides no guidance)

Share price



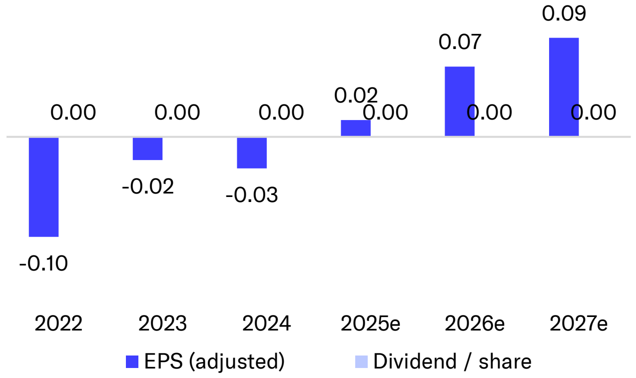
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Sustainable profitability improvement, which would also support the cash flow
- Long-term business growth drivers are healthy, especially in Power
- Expanding into new and adjacent markets and leveraging its geographical coverage
- Broadening the customer base

Risk factors

- Failure in the profitability turnaround
- Pricing and project risks
- Tight competitive situation and low barriers to entry
- Dependency on investments
- Scarce labor market and, thus difficulties to find skilled workforce
- Loss of a major customer / challenges faced by the customer themselves

Valuation	2025e	2026e	2027e
Share price (EUR)	0.81	0.81	0.81
Number of shares, millions	156.7	156.7	156.7
Market cap (MEUR)	128	128	128
EV (MEUR)	274	254	239
P/E (adj.)	50.9	12.2	8.7
P/E	>100	12.2	8.7
P/B	0.8	0.8	0.7
P/S	0.2	0.2	0.1
EV/Sales	0.3	0.3	0.3
EV/EBITDA	5.5	4.4	3.9
EV/EBIT (adj.)	13.1	9.4	8.0
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Despite softer revenue, margins held up well

Softer revenues than expected across all country-units...

In Q3, the Group's revenue decreased by -1% to 208 MEUR (Q3'24: 210 MEUR), which was below our estimated 222 MEUR. FX changes had a positive impact on the top line (1 MEUR), driven by the appreciation of the Swedish Krona. Organic growth* amounted to -2%.

At a country unit level, Sweden reported a 2% year-on-year growth in Q3 (0% FX-neutral), which was below our estimated 9%. Growth in Communication (primarily public infra) was offset by a decline in Power, as the comparable period included several project phasing. In Finland, revenue growth was flat year-on-year, which was also below our estimate (7.5%), as growth in the Power segment through Solar PV and data center did not offset declining volumes in Communication (especially in FTTH).

In Denmark & Germany, revenue growth was negative -1% while in Norway, revenue declined -12% year-on-year. Both outcomes were lower than we had estimated (+3% & -3%). In Denmark & Germany, growth in Power, particularly in BESS, did not compensate for declining volumes in Communication. In Norway, the traditional telecom market remained soft and was reflected in lower investment levels, where ongoing efforts in broadening the customer base didn't compensate for lower investments in Q3.

...but the margin level met our expectations

Supported by continued improved gross margins and reduced overhead costs, Eltel's adjusted EBITA increased 10% year-on-year, reaching 9.1 MEUR in Q3 (Q3'24: 8.3 MEUR), corresponding to a margin of 4.3% (3.9%). While the profitability was lower than our estimate in absolute figures (9.6 MEUR), the margin level matched our expectations. We think this is particularly notable, considering that reported revenue was ~6% below our estimates, and showcases a more resilient, efficient (through e.g. higher utilization rates), and commercially disciplined business. The margins across country-units were quite mixed, where Finland and Norway stood out on the positive side, while Sweden and Denmark & Germany were below our forecasts. Importantly, Norway returned to a positive margin in Q3, which we had anticipated, and it will be important to sustain a profitability in Norway to continue the turnaround going forward.

Further down the P&L, net financial costs, taxes, and minority interests came in higher than expected, resulting in a reported EPS of EUR 0.02 (est. EUR 0.04).

Working capital tie-ups weighed on FCFF

Operating cash flows (OCF) amounted to -19 MEUR (Q3'24: -4 MEUR), where changes in working capital negatively impacted cash flow by -29 MEUR. Working capital tie-ups was higher than expected and were primarily driven by business mix and new project starts. However, Q4 has typically been the strongest quarter in terms of cash flow, and we expect this pattern to repeat in 2025. To better capture Eltel's cash flow performance amid quarterly volatility, we monitor LTM figures. Based on our estimates, LTM OCF was 30 MEUR (LTM-1: 28 MEUR). After accounting for CAPEX and lease payments, LTM free cash flow was -4 MEUR (LTM-1: -3 MEUR). Thus, the company needs to improve its cash conversion going forward to strengthen its balance sheet. Due to high working capital tie-ups in Q3, net debt increased to 172 MEUR (Q2'25/Q3'24: 145 MEUR), resulting in a leverage ratio (net debt / adj. EBITDA) of 3.5x (Q2'25: 2.8x, Q3'24: 3.5x).

Estimates	Q3'24	Q3'25	Q3'25e	Q3'25e	Consensus		Difference (%)	2025
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	210	208	222				-6%	809
EBITA (adj.)	8.2	9.1	9.6				-5%	20.9
EBIT	4.5	8.8	9.6				-8%	19.5
PTP	0.9	3.9	6.6				-40%	5.8
EPS (reported)	-0.01	0.02	0.04				-59%	0.04
Revenue growth-%	-1.4 %	-1.0 %	5.7 %				-6.6 pp	-2.4 %
EBITA-% (adj.)	3.9 %	4.3 %	4.3 %				0 pp	2.6 %

Source: Inderes

Eltel Q3´25: Execution on strategy continues

*Adjusted for divested businesses and FX changes

The margin story remains intact despite lower expected revenue

Estimate revisions

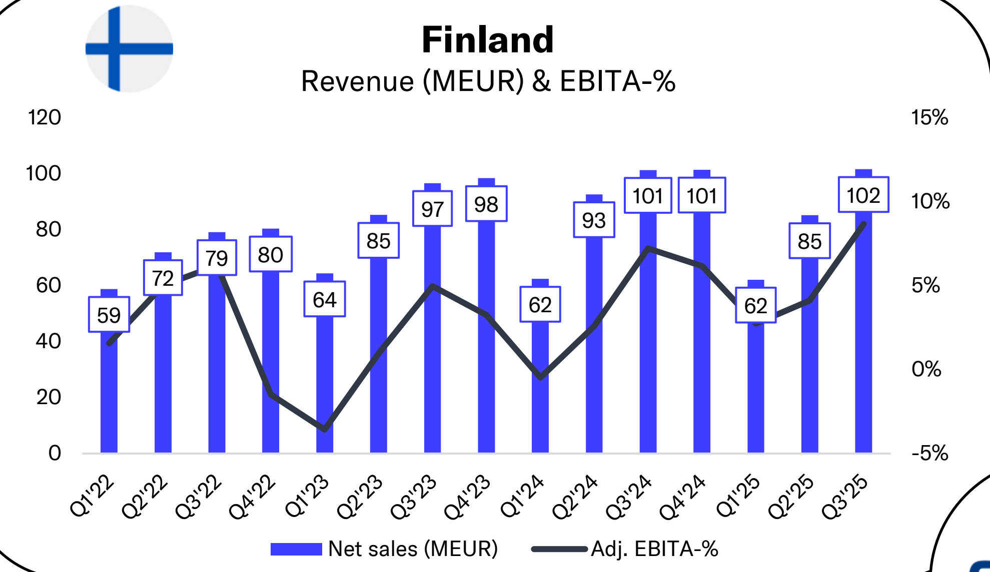
- There were no major changes in the outlook as the demand situation is currently quite mixed between countries and service areas. The company did, however, experience slightly higher activity during Q3 relative to Q2, especially in Power, while the traditional telecommunication market remained soft, reflected in lower investment levels.
- Following the Q3 report, which came in 6% below our revenue estimate, we reduced our 2025-27e Group revenue forecasts by 3-4%. The downward adjustment mainly reflects our more conservative view for Q4'25e, where we now expect 2% revenue growth (was 7%), mainly driven by lower estimates for Finland and Norway. We now expect Power growth in Finland to only partly offset the weaker FTTH volumes and believe the Norwegian telecom market has yet to bottom out. In addition, we made smaller downward revisions for Sweden and Denmark & Germany after their softer Q3 results. We now forecast 2025e revenue of 809 MEUR (-2% y/y). While our expected growth rates for 2026–2027 remain broadly unchanged, the lower starting point naturally reduces our absolute revenue levels for the coming years.
- However, our profitability revisions were less pronounced. We view the in-line Q3 margins, despite lower revenue, as a sign of higher resilience and further proof that Eltel's operational and commercial efficiency measures are delivering results. We also believe the continued solid performance in new business areas (accounted for 24% of total contract value in Q3) supports our outlook for sustained margin improvement, as these projects generally carry a higher margin profile. Consequently, we have kept our margin assumptions largely unchanged, as our confidence in the ongoing turnaround has strengthened.
- Net financials were above our estimates. Although the Q3 figure likely includes one-offs related to the June bond issue, we have raised our financial expense estimates modestly for the forecast period to reflect a higher structural level.
- We've lowered our FCFF estimate for 2025 due to the higher-than-expected working capital tie-up in Q3, while our cash flow estimates for the subsequent years remain broadly unchanged due to limited adjustments in profitability.
- We have made small adjustments in our terminal EBIT margin assumption to (2.5% to 2.6%) WACC (9.8% to 9.7%), reflecting our slightly improved confidence in Eltel's margin trajectory and risk profile.
- Overall, these changes had a minor negative impact on our fair value estimate.

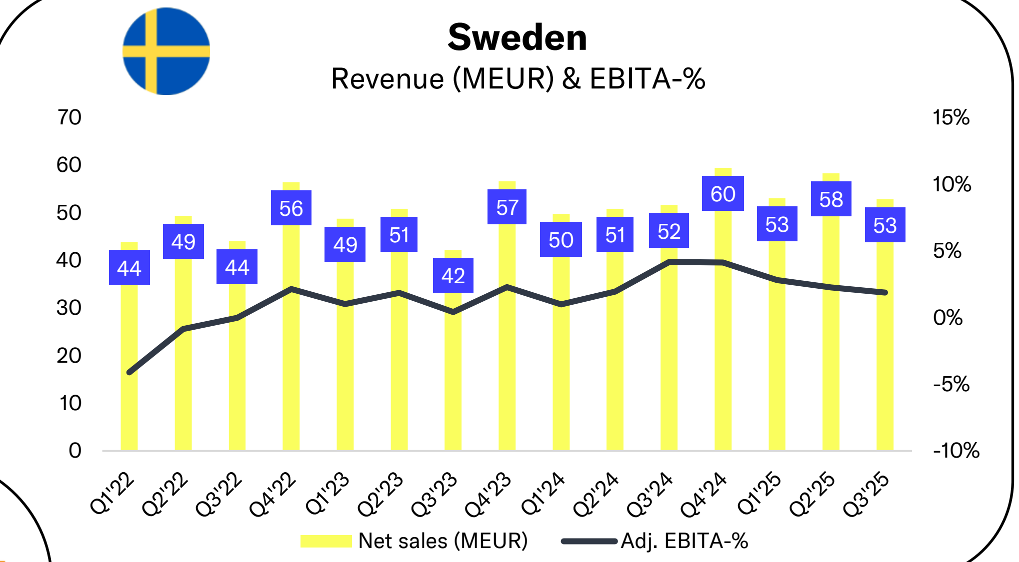
Estimate revisions MEUR / EUR	2025 Old	2025e New	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
Revenue	834	809	-3%	864	831	-4%	887	854	-4%
EBITDA	51.0	49.5	-3%	58.5	58.0	-1%	60.7	60.7	0%
EBIT (exc. NRIs)	21.5	20.9	-3%	27.4	27.0	-2%	30.2	30.0	-1%
EBIT	20.4	19.5	-4%	27.4	27.0	-2%	30.2	30.0	-1%
PTP	9.4	5.8	-38%	15.8	12.6	-21%	20.2	18.2	-10%
EPS (excl. NRIs)	0.04	0.02	-64%	0.09	0.07	-22%	0.10	0.09	-10%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

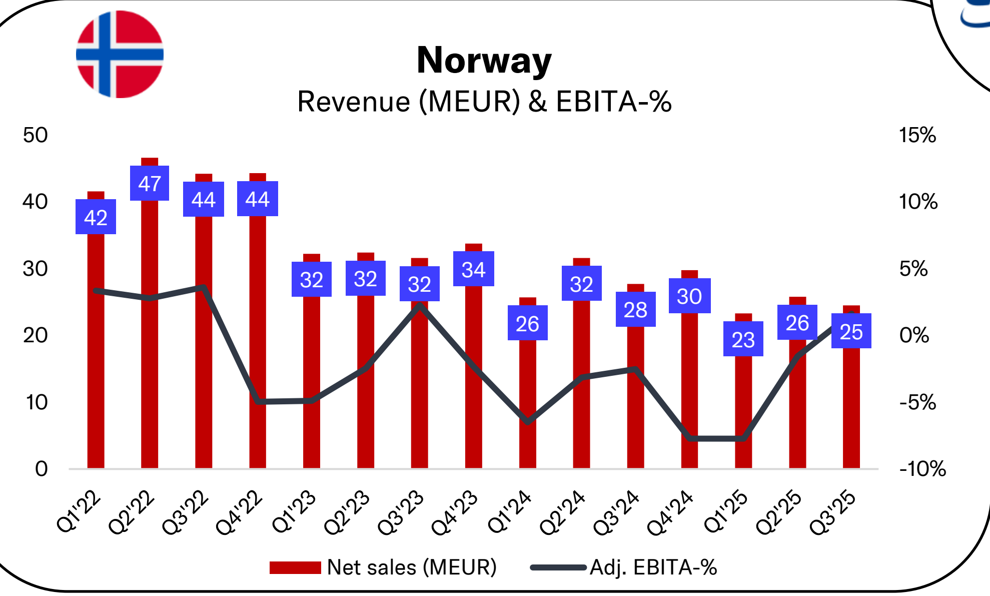
Source: Inderes

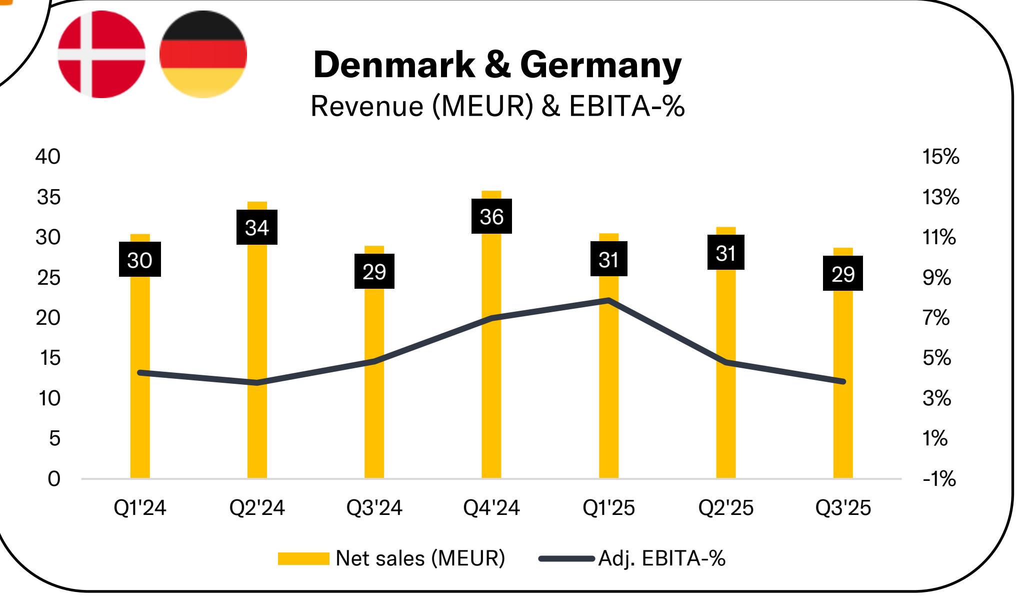
Eltel, Webcast, Q3'25

Country-unit overview



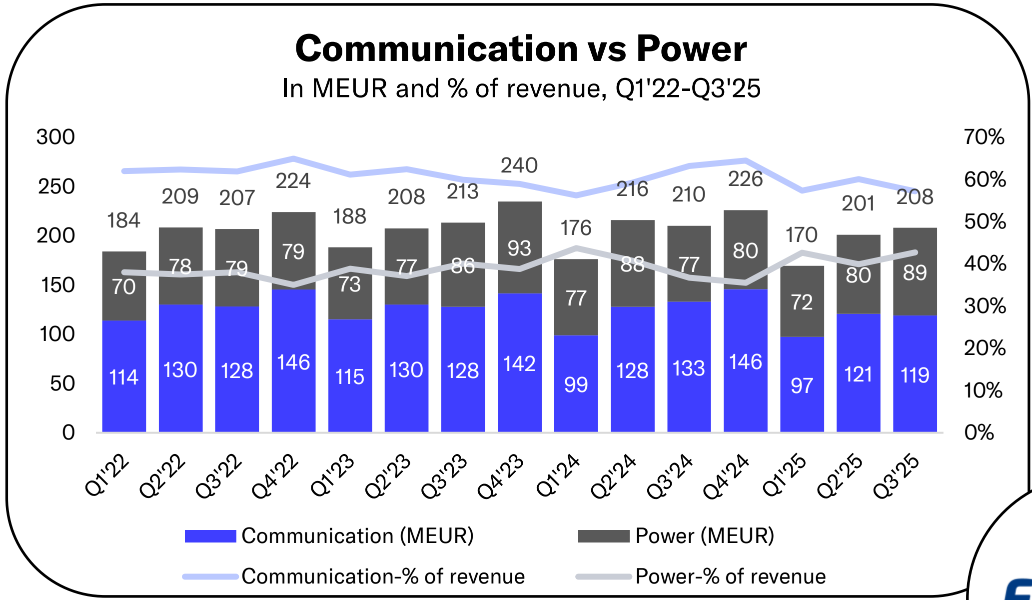


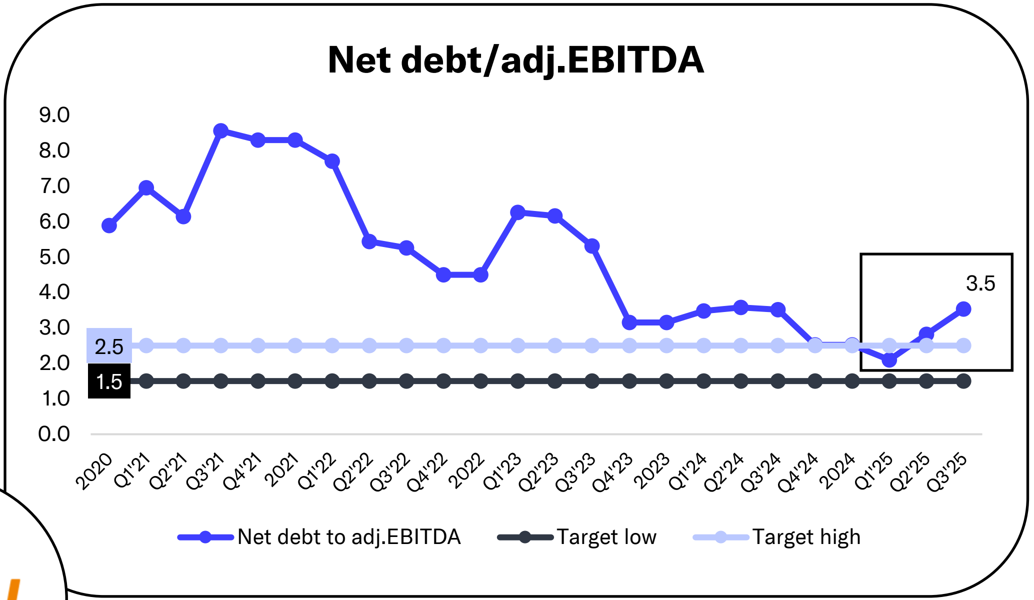


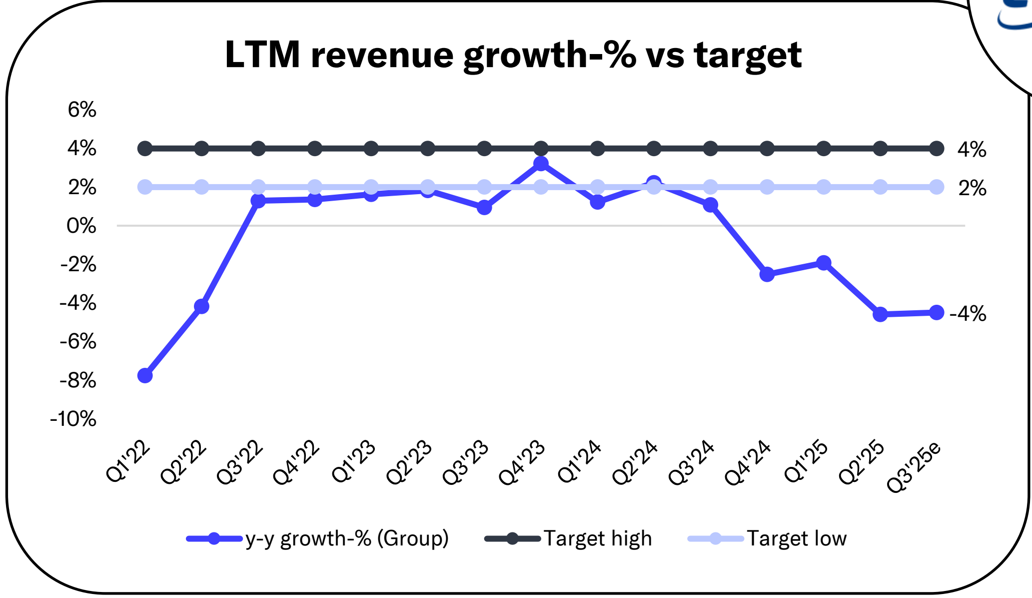


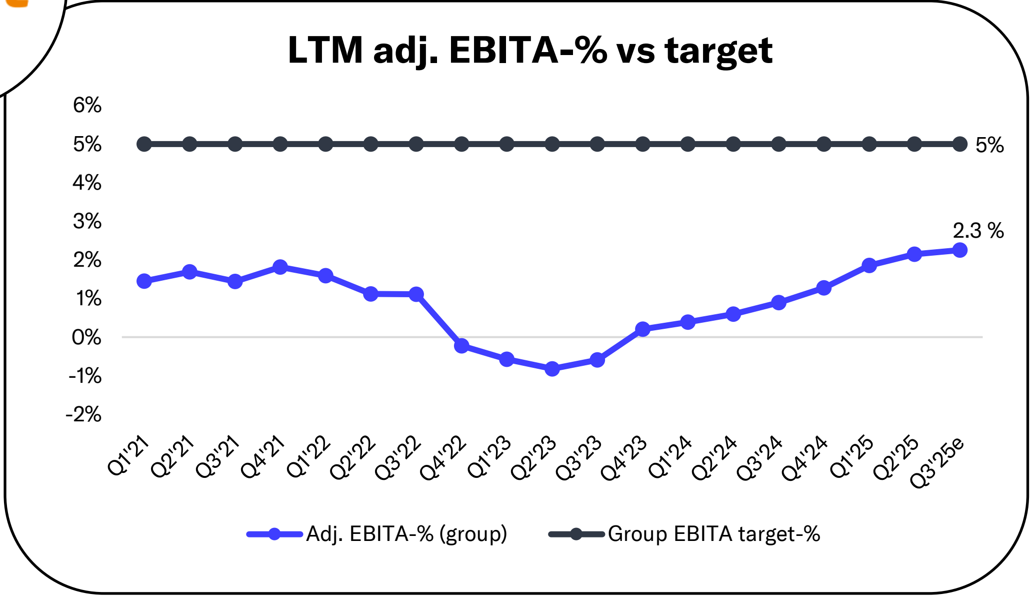
Source: Eltel

Performance vs financial targets







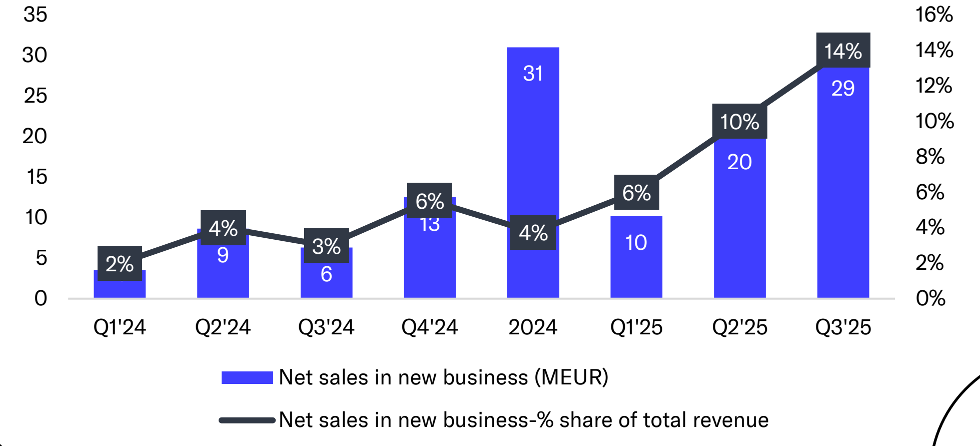


Source: Eltel

Other operational metrics

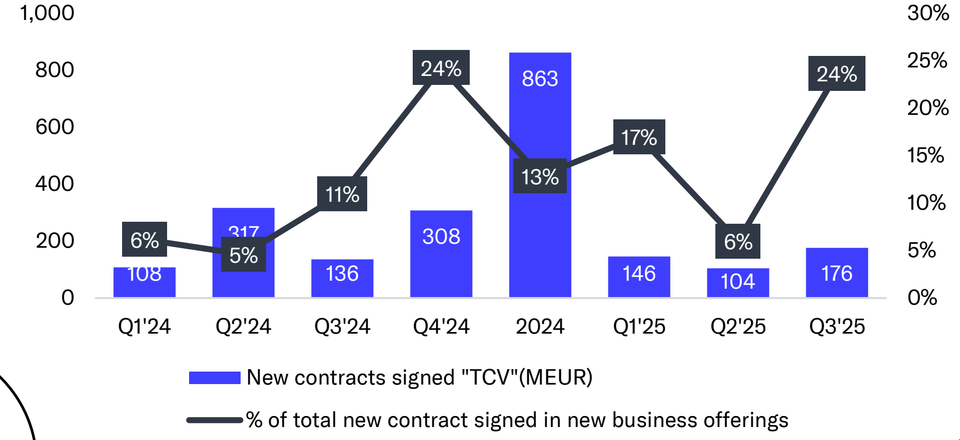
Revenue in new and adjacent markets

MEUR and -% of total revenue, Q1'24-Q3'25

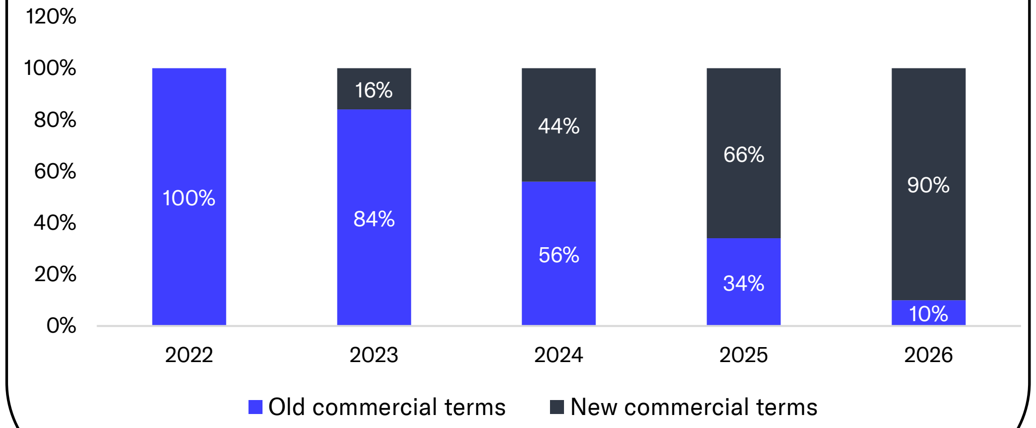


New contract signed, TCV

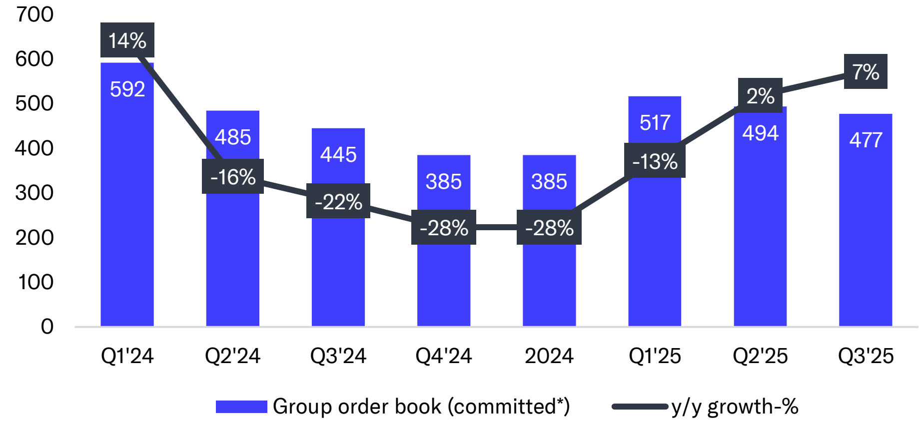
In MEUR and % of signed contract value from new business



New commercial terms, impact on portfolio



Committed order book (Group)*



*Defined as the total value of committed purchase orders received but not yet recognized as net sales. It does not include frame agreements unless a binding purchase order has been received.

Source: Eltel

Valuation 1/2

Valuation methods

We approach the valuation of Eltel primarily with absolute valuation multiples. In addition, we use a total expected return calculation for the coming years and a DCF calculation to support the valuation.

Due to the company's improved profitability profile, the valuation can be considered using different earnings-based multiples. We favor the EV-based multiples as they better capture Eltel's balance sheet structure, but we also look at the P/E ratio. We look at multiples in absolute terms and in relative terms compared to a peer group (especially compared to its closest peers Netel, Transtema and Enersense). The focus of our valuation is especially on 2025 and 2026 multiples, as visibility into Eltel's business is quite limited due to the historically volatile performance.

Absolute valuation

While 2025e absolute valuation multiples are on the high side (EV/EBITDA: 6x, adjusted EV/EBIT: 13x, adjusted P/E: 51x), the overall valuation picture turns more neutral and even attractive in the coming years. Based on our current estimates, Eltel's EV/EBITDA multiples for 2026 are around 4x, while corresponding EV/EBIT and P/E multiples stand at around 9x and 12x, respectively. Thus, looking at next year, we believe that the overall earnings-based valuation is relatively neutral, albeit on the lower side. Extending the timeframe slightly, we see clear upside potential in the 2027e multiples (EV/EBITDA: 4x; EV/EBIT: 8x; and P/E: 9x).

However, this depends heavily on whether profitability continues to improve as we expect. While Eltel has shown steady progress in profitability for nine consecutive quarters, which undoubtedly strengthens our confidence in its current turnaround, we acknowledge that Eltel's track record of earnings volatility makes it hard to rely too much on scenarios beyond 2026. That said, we give 2027 multiples partial weight in our overall valuation assessment.

Trading at a premium to its closest peers, but it's justified to some extent

Relative to its closest peers, Eltel currently trades at a premium on earnings-based multiples. The peer group's average EV/EBITDA, EV/EBIT, and P/E multiples for 2025 and 2026 stand at ~4x, 8x, and ~7-16x, respectively. Given Eltel's similar revenue growth (CAGR 2025-2027: 1% vs. 0%) but notably stronger EBIT growth (CAGR 25-27: 42% vs. 16%), along with comparable leverage, we believe a valuation premium is justified. However, we also note that the peer group's average EBIT margin is expected to be about 1 percentage point higher in the near to mid-term, suggesting that the premium valuation should be quite moderate.

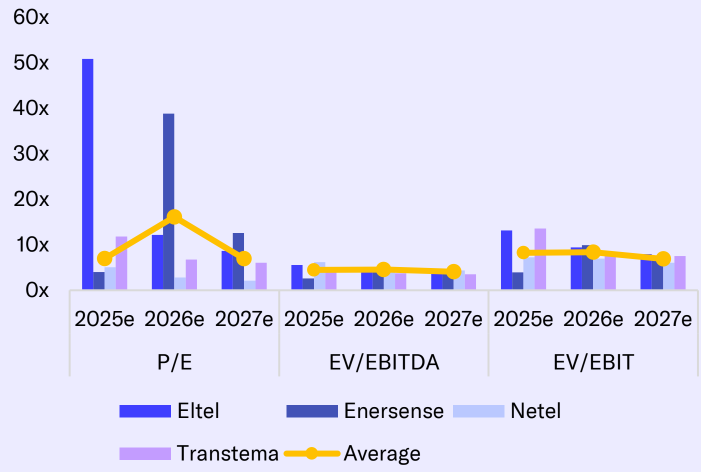
Expected return in the coming years

We have also looked at an investor's expected return over the next few years by simplifying the acceptable valuation and our 2027 earnings estimates. In our view, Eltel could be valued at 9x-10x EV/EBIT and around 11x-12x P/E at the end of 2027 based on our current estimates, if the profitability improvement is still intact and there are no major changes in the company's growth outlook. The multiples would be broadly in line with the peer group's current valuation but below the peer group's historical levels, given Eltel's still lower profitability.

Valuation	2025e	2026e	2027e
Share price (EUR)	0.81	0.81	0.81
Number of shares, millions	156.7	156.7	156.7
Market cap (MEUR)	128	128	128
EV (MEUR)	274	254	239
P/E (adj.)	50.9	12.2	8.7
P/E	>100	12.2	8.7
P/B	0.8	0.8	0.7
P/S	0.2	0.2	0.1
EV/Sales	0.3	0.3	0.3
EV/EBITDA	5.5	4.4	3.9
EV/EBIT (adj.)	13.1	9.4	8.0
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Eltel vs closest peers (2025-2027)



Valuation 2/2

Given this and our current estimates, we believe that Eltel could be valued at roughly SEK 11.4-12.9 per share at the end of 2027 (at the current EUR/SEK FX rate). At the current share price of SEK 8.90, we estimate that the expected annual return would be around 12-19%. We don't expect investors to receive any base return from dividends in the medium term. Thus, in this scenario, the total annual expected return would, on average (15%), be above the cost of equity that we use. However, the expected return is back-loaded and depends on an EV-based valuation, which adds further uncertainty, e.g., regarding the capital structure, which is difficult to forecast over a longer period of time.

DCF model

As mentioned in our updated extensive report from 2025/10, we place slightly more weight on the DCF model in the valuation, given Eltel's gradual and steady improvement in profitability in recent years. It's worth noting that the model is very sensitive to terminal period variables, but we believe we have used sufficiently conservative estimates for these compared to the industry context.

We expect low single-digit growth (CAGR: 2%) and continued small margin expansion between 2025 and 2029, after which the top-line growth gradually tapers towards 2%, which we use as the terminal growth rate. In the terminal period, we expect the EBIT margin to stabilize at around 2.6%. The weight of the terminal in the model is 43%, which we consider a reasonable level.

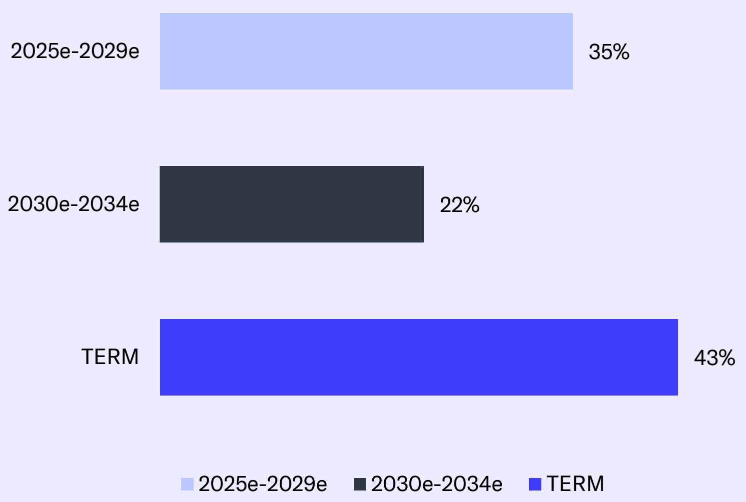
Our DCF model indicates a value of EUR 0.90 per share (SEK 9.9), which is above the current share price and supports our valuation.

We have gone through the assumptions of the DCF model and the expected return for the coming years in more detail in our updated Extensive Report.

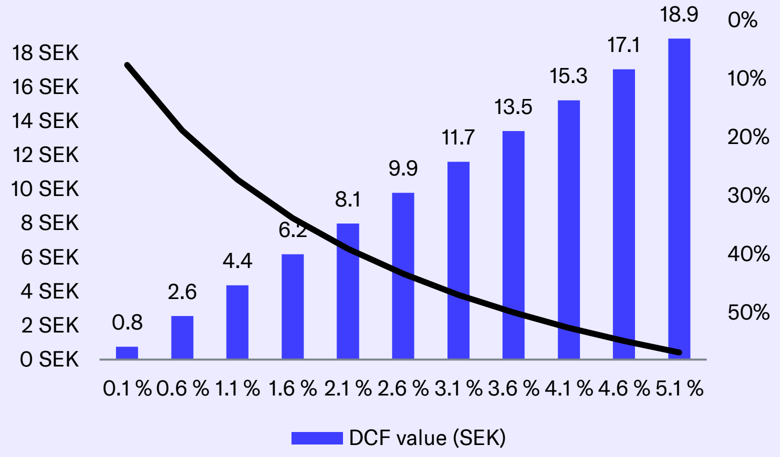
We reiterate our Accumulate recommendation

Reflecting this overall picture, we see the risk-adjusted expected return on the share to be above the cost of equity we use over the next 12 months. As such, we reiterate our Accumulate recommendation and slightly increase our target price to SEK 9.9 (was SEK 9.7).

Cash flow distribution



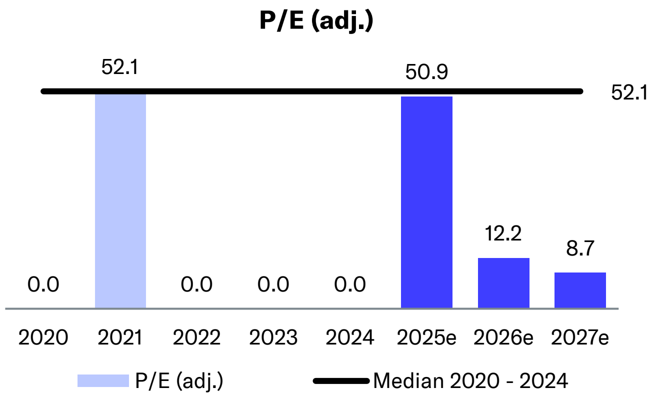
Sensitivity of DCF to changes in the terminal EBIT margin

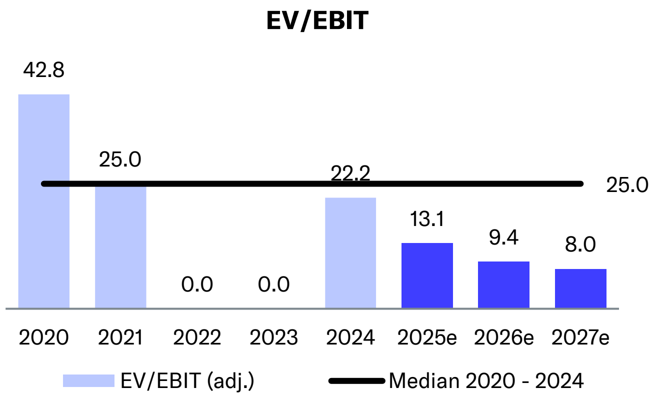


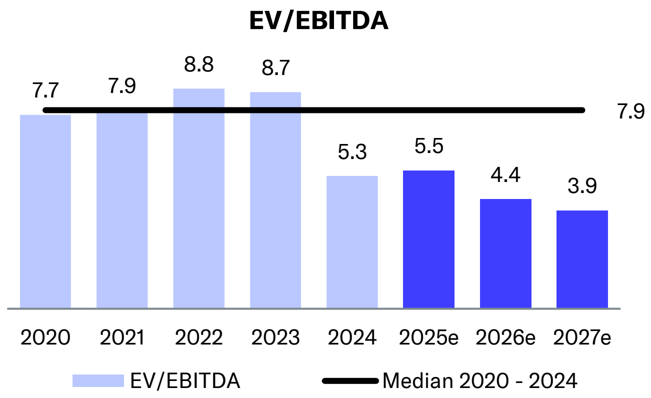
Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	2.24	1.53	0.74	0.55	0.56	**0.81**	**0.81**	**0.81**	**0.81**
Number of shares, millions	156.6	156.6	156.7	156.7	156.7	**156.7**	**156.7**	**156.7**	**156.7**
Market cap (MEUR)	351	239	115	86	88	**128**	**128**	**128**	**128**
EV (MEUR)	488	369	245	214	231	**274**	**254**	**239**	**221**
P/E (adj.)	neg.	52.1	neg.	neg.	neg.	**50.9**	**12.2**	**8.7**	**7.9**
P/E	74.7	55.7	neg.	neg.	neg.	**>100**	**12.2**	**8.7**	**7.9**
P/B	1.7	1.1	0.6	0.5	0.6	**0.8**	**0.8**	**0.7**	**0.6**
P/S	0.4	0.3	0.1	0.1	0.1	**0.2**	**0.2**	**0.1**	**0.1**
EV/Sales	0.5	0.5	0.3	0.3	0.3	**0.3**	**0.3**	**0.3**	**0.3**
EV/EBITDA	7.7	7.9	8.8	8.7	5.3	**5.5**	**4.4**	**3.9**	**3.5**
EV/EBIT (adj.)	42.8	25.0	neg.	>100	22.2	**13.1**	**9.4**	**8.0**	**7.0**
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**

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 2025e	 2026e	EV/EBITDA 2025e	 2026e	EV/S 2025e	 2026e	P/E 2025e	 2026e	Dividend yield-% 2025e	 2026e	P/B 2025e
Bravida Holding	1529	1849	12.1	10.8	8.8	8.1	0.7	0.7	13.7	11.9	4.6	4.9	1.8
Enersense International	68	92	4.0	9.9	2.6	5.0	0.3	0.3	4.0	38.8			1.9
Instalco	607	968	16.4	11.9	8.9	7.4	0.8	0.7	14.4	10.6	2.6	3.1	1.9
Netel Holding	22	111	7.2	6.9	6.2	4.9	0.4	0.4	5.0	2.8	7.8	13.4	0.2
Spie SA	7802	10199	14.5	13.2	9.6	9.0	1.0	0.9	17.4	15.2	2.5	2.7	3.5
Transtema	46	82	13.6	8.3	4.6	3.7	0.3	0.3	11.8	6.8			0.8
Vinci Energies	68172	95116	10.1	9.7	7.1	6.8	1.3	1.3	13.6	12.0	4.2	4.7	2.1
Eltel (Inderes)	**128**	**274**	**13.1**	**9.4**	**5.5**	**4.4**	**0.3**	**0.3**	**50.9**	**12.2**	**0.0**	**0.0**	**0.8**
Average			**11.1**	**10.1**	**6.8**	**6.4**	**0.7**	**0.7**	**11.4**	**14.0**	**4.3**	**5.8**	**1.7**
Median			**12.1**	**9.9**	**7.1**	**6.8**	**0.7**	**0.7**	**13.6**	**11.9**	**4.2**	**4.7**	**1.9**
Diff-% to median			***8%***	***-5%***	***-22%***	***-36%***	***-53%***	***-56%***	***274%***	***3%***	***-100%***	***-100%***	***-56%***

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	**850**	**176**	**216**	**210**	**226**	**829**	**170**	**201**	**208**	**230**	**809**	**831**	**854**	**873**
Finland	344	62.4	92.6	101	101	358	62.1	85.0	102	103	352	362	371	379
Sweden	198	49.8	50.9	51.6	59.5	212	53.1	58.3	53.0	62.2	227	234	240	244
Norway	130	25.7	31.6	27.8	29.8	115	23.3	25.8	24.4	28.3	102	104	108	111
Denmark & Germany	0.0	30.4	34.4	29.0	35.8	130	30.5	31.4	28.7	36.0	127	131	135	139
Other business	187[1]	9.5	8.9	2.9	3.0	24.3	1.9	2.4	2.4	2.3	9.0	9.1	8.9	8.7
Eliminations	-9.7	-1.5	-2.5	-2.3	-3.4	-9.7	-1.3	-1.9	-1.9	-2.0	-7.1	-8.6	-9.0	-9.0
EBITDA	**24.8**	**-19.6**	**8.5**	**15.2**	**12.5**	**16.6**	**7.2**	**9.7**	**16.2**	**16.4**	**49.5**	**58.0**	**60.7**	**62.6**
Depreciation	-30.1	-7.6	-8.0	-10.7	-8.4	-34.7	-6.9	-7.7	-7.4	-8.0	-30.0	-31.1	-30.7	-30.9
EBIT (excl. NRI)	**1.7**	**-4.0**	**0.4**	**8.2**	**5.7**	**10.4**	**0.9**	**2.5**	**9.1**	**8.4**	**20.9**	**27.0**	**30.0**	**31.7**
EBIT	**-5.3**	**-27.2**	**0.4**	**4.5**	**4.1**	**-18.1**	**0.3**	**2.0**	**8.8**	**8.4**	**19.5**	**27.0**	**30.0**	**31.7**
Finland	6.5	-0.3	2.4	7.3	6.4	15.7	1.7	3.4	8.8	6.7	20.6	21.7	21.5	21.2
Sweden	2.9	0.5	1.0	2.2	2.4	6.1	1.5	1.3	1.0	2.1	5.9	8.1	9.1	9.8
Norway	-2.5	-1.7	-1.0	-0.7	-2.3	-5.7	-1.8	-0.4	0.4	0.5	-1.3	2.0	3.9	4.1
Denmark & Germany	0.0	1.3	1.3	1.4	2.5	6.5	2.4	1.5	1.1	1.7	6.7	6.6	7.4	7.6
Other business	3.9[1]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Group functions	-9.1	-3.8	-3.2	-1.9	-3.3	-12.2	-2.9	-3.3	-2.3	-2.7	-11.2	-11.5	-12.0	-11.3
Items affecting comparability	-7.0	-23.2	0.0	-3.7	-1.6	-28.5	-0.6	-0.5	-0.2	0.0	-1.3	0.0	0.0	0.0
Acquisition-related amortization	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 financial items	-12.7	-3.0	-2.8	-3.7	-3.3	-12.7	-2.4	-2.7	-4.9	-3.8	-13.7	-14.4	-11.7	-11.1
PTP	**-18.0**	**-30.2**	**-2.3**	**0.9**	**0.9**	**-30.8**	**-2.1**	**-0.7**	**3.9**	**4.6**	**5.8**	**12.6**	**18.2**	**20.6**
Taxes	10.3	-0.3	-0.4	-0.7	2.9	1.6	-0.6	-0.2	-0.9	-0.4	-2.1	-1.7	-3.1	-4.1
Minority interest	-0.3	0.0	0.0	-0.5	-0.1	-0.6	-0.1	-0.2	-0.4	-0.1	-0.8	-0.4	-0.4	-0.4
Net earnings	**-8.0**	**-30.5**	**-2.7**	**-0.3**	**3.7**	**-29.8**	**-2.8**	**-1.0**	**2.6**	**4.1**	**2.9**	**10.5**	**14.7**	**16.1**
EPS (adj.) [2]	**-0.02**	**-0.05**	**-0.02**	**0.02**	**0.03**	**-0.03**	**-0.02**	**-0.01**	**0.02**	**0.03**	**0.02**	**0.07**	**0.09**	**0.10**
EPS (rep.)	**-0.07**	**-0.20**	**-0.02**	**-0.01**	**0.02**	**-0.21**	**-0.02**	**-0.01**	**0.02**	**0.03**	**0.01**	**0.07**	**0.09**	**0.10**

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-%	3.2 %	-6.4 %	3.7 %	-1.4 %	-5.9 %	-2.5 %	-3.8 %	-6.9 %	-1.0 %	1.8 %	-2.4 %	2.8 %	2.7 %	2.2 %
Adjusted EBIT growth-%	-190.8 %	-27.3 %	-129.4 %	39.5 %	105.0 %	519.0 %	-122.7 %	455.6 %	10.4 %	46.9 %	100.5 %	29.3 %	11.1 %	5.7 %
EBITDA-%	2.9 %	-11.1 %	3.9 %	7.2 %	5.5 %	2.0 %	4.2 %	4.8 %	7.8 %	7.1 %	6.1 %	7.0 %	7.1 %	7.2 %
Adjusted EBIT-%	0.2 %	-2.3 %	0.2 %	3.9 %	2.5 %	1.3 %	0.5 %	1.2 %	4.3 %	3.6 %	2.6 %	3.2 %	3.5 %	3.6 %
Net earnings-%	-0.9 %	-17.3 %	-1.2 %	-0.2 %	1.6 %	-3.6 %	-1.6 %	-0.5 %	1.2 %	1.8 %	0.4 %	1.3 %	1.7 %	1.8 %

Source: Inderes

[1] Due to lack of financial history, the segment "Denmark & Germany" has been included in "Other business" in 2023.
[2] Adjusted EPS refer to net earnings after interest on hybrid bond and excluding one-off costs (during 2023-2025), while reported EPS refers to net earnings after interest on hybrid bond

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	**387**	**380**	**381**	**381**	**381**
Goodwill	254	249	249	249	249
Intangible assets	32.9	30.3	30.4	30.5	30.6
Tangible assets	62.4	59.4	60.4	60.3	60.5
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	9.8	13.4	13.4	13.4	13.4
Deferred tax assets	27.9	27.2	27.2	27.2	27.2
Current assets	**238**	**206**	**271**	**267**	**287**
Inventories	17.3	19.3	24.3	20.0	20.5
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	196	165	194	177	182
Cash and equivalents	24.7	21.3	52.3	69.6	84.7
Balance sheet total	**624**	**585**	**651**	**647**	**668**

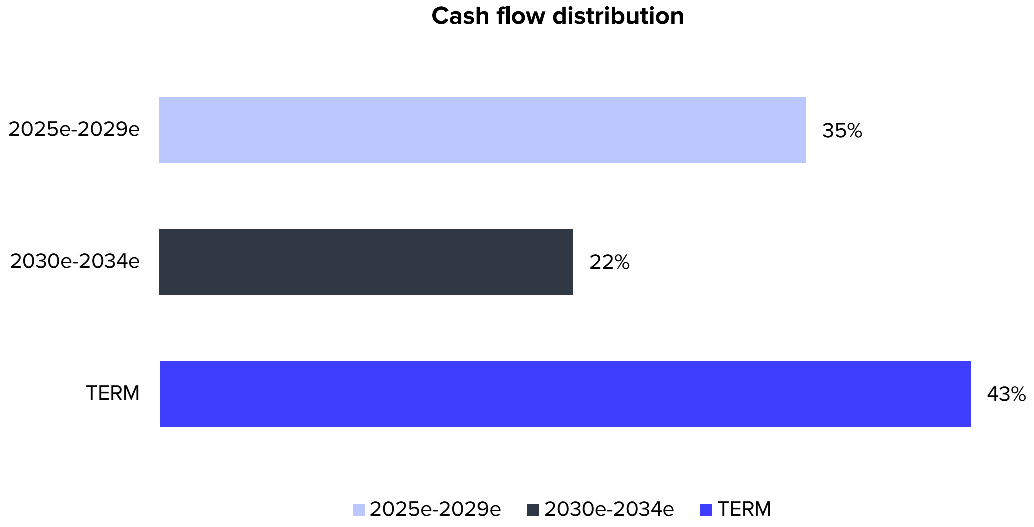
Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	**224**	**189**	**167**	**176**	**191**
Share capital	162	162	162	162	162
Retained earnings	-390.8	-423.7	-422.5	-412.1	-397.3
Hybrid bonds	25.0	25.0	1.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	420	418	418	418	418
Minorities	7.6	8.0	8.0	8.0	8.0
Non-current liabilities	**75.5**	**106**	**219**	**219**	**219**
Deferred tax liabilities	11.3	10.7	10.7	10.7	10.7
Provisions	3.4	5.2	5.2	5.2	5.2
Interest bearing debt	54.6	51.8	165	165	165
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	6.2	37.9	37.9	37.9	37.9
Current liabilities	**325**	**290**	**266**	**252**	**258**
Interest bearing debt	70.3	83.2	26.0	25.0	25.0
Payables	251	203	236	224	230
Other current liabilities	3.7	3.8	3.8	3.8	3.8
Balance sheet total	**624**	**585**	**651**	**647**	**668**

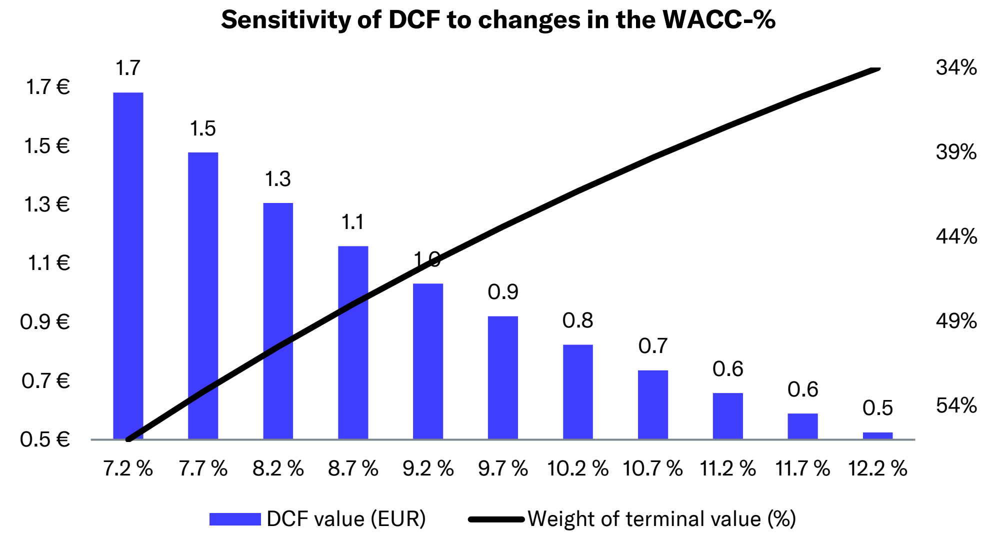
DCF-calculation

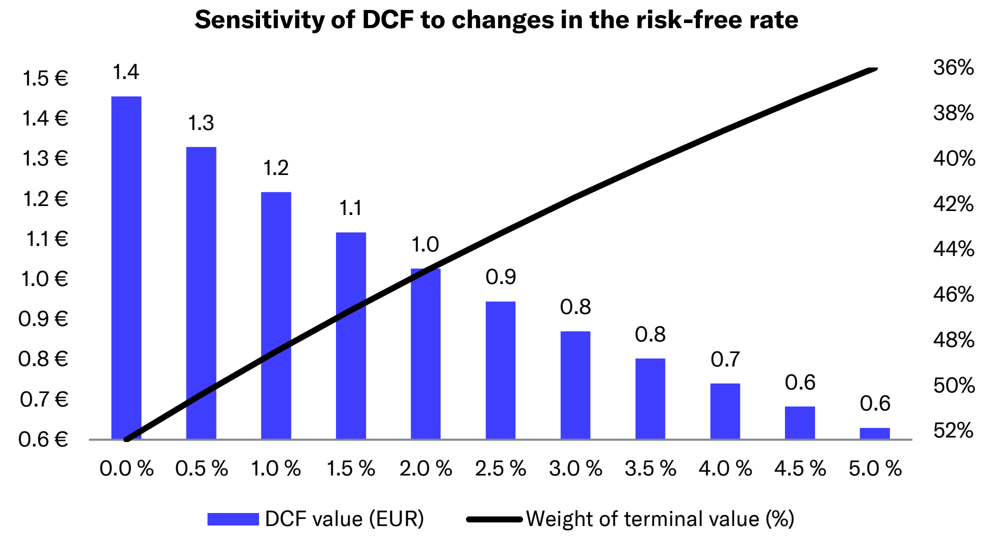
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-2.5 %	-2.4 %	2.8 %	2.7 %	2.2 %	2.2 %	2.2 %	2.2 %	2.1 %	2.0 %	2.0 %	2.0 %
EBIT-%	-2.2 %	2.4 %	3.2 %	3.5 %	3.6 %	3.5 %	3.4 %	3.1 %	2.9 %	2.6 %	2.6 %	2.6 %
EBIT (operating profit)	**-18.1**	**19.5**	**27.0**	**30.0**	**31.7**	**31.2**	**31.4**	**29.2**	**28.0**	**25.6**	**26.1**	
+ Depreciation	34.7	30.0	31.1	30.7	30.9	30.3	30.7	30.8	31.2	31.5	31.2	
- Paid taxes	1.7	-2.1	-1.7	-3.1	-4.1	-4.3	-4.5	-4.1	-3.8	-3.4	-3.5	
- Tax, financial expenses	-0.7	-2.7	-2.0	-2.1	-2.4	-2.2	-2.0	-2.0	-2.0	-2.0	-2.0	
+ Tax, financial income	0.0	0.0	0.1	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.3	
- Change in working capital	-19.3	-1.1	8.8	0.7	1.5	6.0	1.7	4.5	1.8	0.9	0.9	
Operating cash flow	**-1.6**	**43.6**	**63.2**	**56.3**	**57.7**	**61.3**	**57.4**	**58.8**	**55.3**	**52.8**	**53.0**	
+ Change in other long-term liabilities	33.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-28.4	-31.1	-31.1	-31.1	-31.1	-31.1	-31.1	-31.6	-31.9	-31.1	-31.1	
Free operating cash flow	**3.5**	**12.5**	**32.1**	**25.2**	**26.6**	**30.2**	**26.3**	**27.2**	**23.4**	**21.7**	**21.9**	
+/- Other	0.0	-3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	3.5	9.4	32.1	25.2	26.6	30.2	26.3	27.2	23.4	21.7	21.9	290
Discounted FCFF		**9.2**	**28.8**	**20.6**	**19.8**	**20.5**	**16.3**	**15.3**	**12.1**	**10.2**	**9.4**	**124**
Sum of FCFF present value		287	277	249	228	208	188	171	156	144	134	124
Enterprise value DCF		**287**										
- Interest bearing debt		-160.0										
+ Cash and cash equivalents		21.3										
-Minorities		-6.4										
-Dividend/capital return		0.0										
Equity value DCF		**141**										
Equity value DCF per share		**0.90**										
Equity value DCF per share (SEK)		**9.9**										

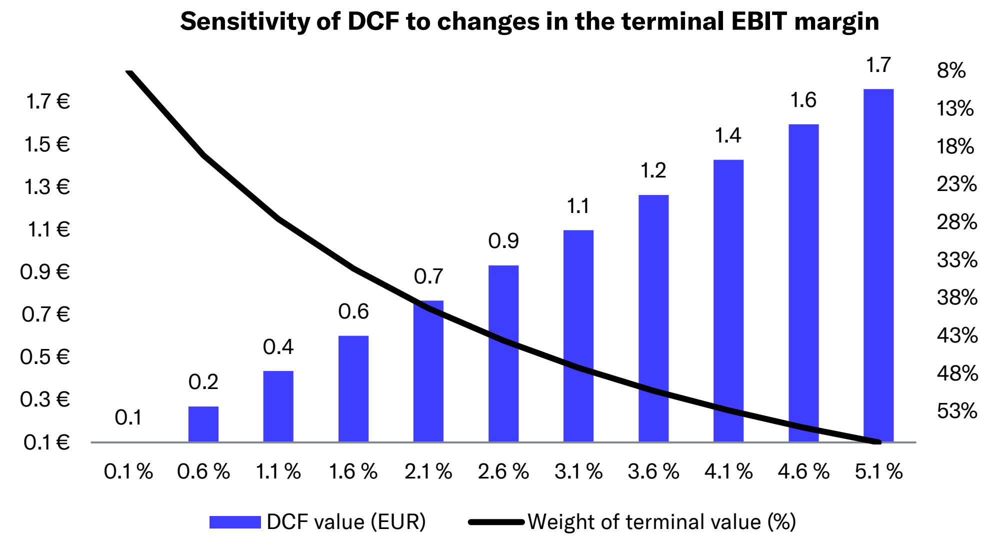
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	25.0 %
Cost of debt	9.0 %
Equity Beta	1.35
Market risk premium	4.75%
Liquidity premium	1.62%
Risk free interest rate	2.5 %
Cost of equity	**10.5 %**
Weighted average cost of capital (WACC)	**9.7 %**

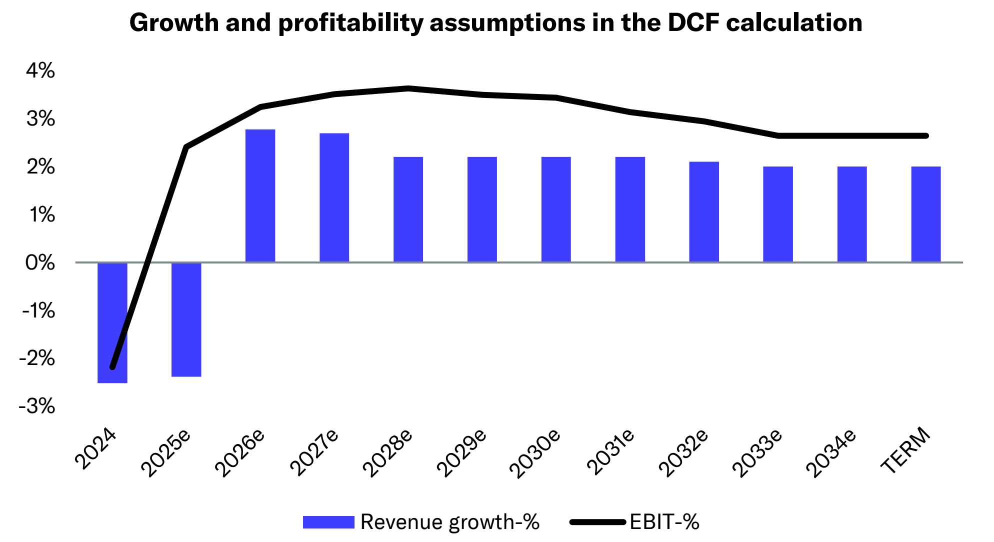


DCF sensitivity calculations and key assumptions in graphs









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	823.6	850.1	828.7	**809.0**	**831.4**
EBITDA	27.8	24.8	16.6	**49.5**	**58.0**
EBIT	-2.0	-5.3	-18.1	**19.5**	**27.0**
PTP	-11.4	-18.0	-30.8	**5.8**	**12.6**
Net Income	-15.0	-8.0	-29.8	**2.9**	**10.5**
Extraordinary items	-0.1	-7.0	-28.5	**-1.4**	**0.0**

Balance sheet	2022	2023	2024	2025e	2026e
Balance sheet total	621.7	624.2	585.4	**651.4**	**647.3**
Equity capital	211.3	223.6	189.4	**166.6**	**176.0**
Goodwill	256.0	253.6	249.3	**249.3**	**249.3**
Net debt	125.0	100.2	113.7	**138.7**	**120.4**

Cash flow	2022	2023	2024	2025e	2026e
EBITDA	27.8	24.8	16.6	**49.5**	**58.0**
Change in working capital	5.2	25.8	-19.3	**-1.1**	**8.8**
Operating cash flow	29.3	47.7	-1.6	**43.6**	**63.2**
CAPEX	-14.7	-33.2	-28.4	**-31.1**	**-31.1**
Free cash flow	6.1	15.0	3.5	**9.4**	**32.1**

Valuation multiples	2022	2023	2024	2025e	2026e
EV/S	0.3	0.3	0.3	**0.3**	**0.3**
EV/EBITDA	8.8	8.7	5.3	**5.5**	**4.4**
EV/EBIT (adj.)	neg.	>100	22.2	**13.1**	**9.4**
P/E (adj.)	neg.	neg.	neg.	**50.9**	**12.2**
P/B	0.6	0.5	0.6	**0.8**	**0.8**
Dividend-%	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**

Source: Inderes

Per share data	2022	2023	2024	2025e	2026e
EPS (reported)	-0.10	-0.07	-0.21	**0.01**	**0.07**
EPS (adj.)	-0.10	-0.02	-0.03	**0.02**	**0.07**
OCF / share	0.19	0.30	-0.01	**0.28**	**0.40**
OFCF / share	0.04	0.10	0.02	**0.06**	**0.20**
Book value / share	1.30	1.38	1.16	**1.01**	**1.07**
Dividend / share	0.00	0.00	0.00	**0.00**	**0.00**

Growth and profitability	2022	2023	2024	2025e	2026e
Revenue growth-%	1%	3%	-3%	**-2%**	**3%**
EBITDA growth-%	-40%	-11%	-33%	**198%**	**17%**
EBIT (adj.) growth-%	-113%	-191%	519%	**100%**	**29%**
EPS (adj.) growth-%	-424%	-77%	36%	**-153%**	**317%**
EBITDA-%	3.4 %	2.9 %	2.0 %	**6.1 %**	**7.0 %**
EBIT (adj.)-%	-0.2 %	0.2 %	1.3 %	**2.6 %**	**3.2 %**
EBIT-%	-0.2 %	-0.6 %	-2.2 %	**2.4 %**	**3.2 %**
ROE-%	-7.1 %	-3.8 %	-15.0 %	**1.7 %**	**6.4 %**
ROI-%	-0.5 %	-1.4 %	-5.4 %	**5.7 %**	**7.6 %**
Equity ratio	37.0 %	39.6 %	35.5 %	**27.8 %**	**29.5 %**
Gearing	59.2 %	44.8 %	60.0 %	**83.3 %**	**68.4 %**

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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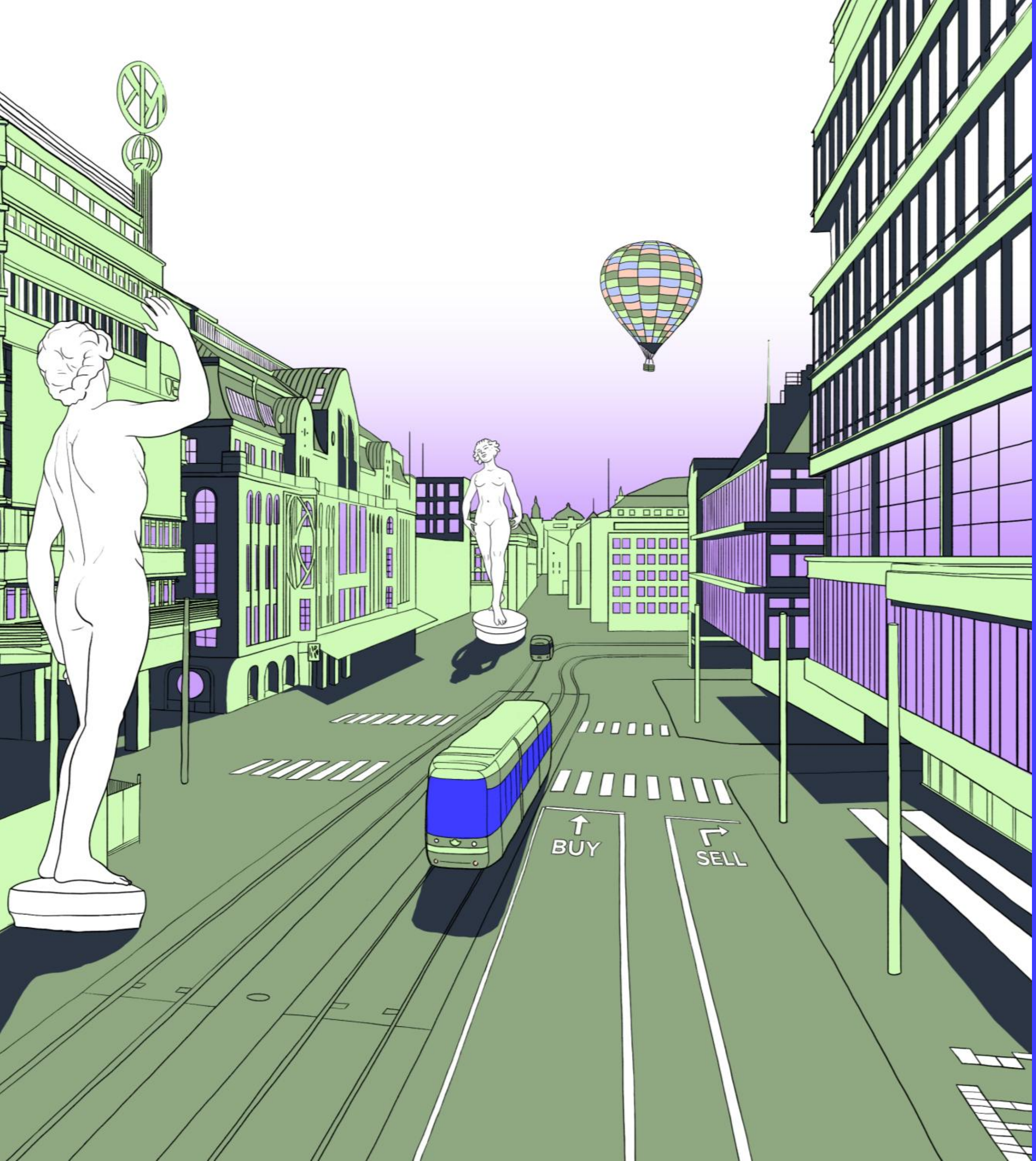
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
5/30/2024	Reduce	SEK 7.20	SEK 6.60
7/26/2024	Reduce	SEK 7.20	SEK 7.50
11/1/2024	Reduce	SEK 7.20	SEK 7.38
2/17/2025	Reduce	SEK 7.20	SEK 6.48
5/2/2025	Accumulate	SEK 9.00	SEK 7.88
7/25/2025	Reduce	SEK 9.70	SEK 10.45
10/16/2025	Accumulate	SEK 9.70	SEK 8.52
10/31/2025	Accumulate	SEK 9.90	SEK 8.90



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