

HARVIA

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INDERES CORPORATE CUSTOMER

COMPANY REPORT



Growth slowed in the US

Harvia's Q2 figures fell short of expectations, and its result also declined year-on-year, as strong growth in the US slowed down, at least temporarily. We lowered our forecasts, and consequently, our target price to EUR 41 (was EUR 43). In our view, the share valuation (e.g., 2025 P/E over 30x) remains high. We reiterate our Reduce recommendation.

Q2 result fell short of expectations due to slower growth in the US

Harvia's Q2 revenue increased 9% (Inderes: 13%), or approximately 5% organically (the ThermaSol acquisition supported the reported figure, but the weakening of the USD had a negative impact). Geographically, development in Europe was practically flat year-on-year, as expected. According to the company, North America grew organically in local currencies, but we estimate that growth was very modest, meaning that North America was also close to the level of the comparison period in organic terms. This was clearly weaker growth than we had expected. Thus, organic growth largely came from the APAC & MEA region, which grew significantly faster than expected, i.e. by more than 50%.

Harvia's adj. EBIT deteriorated to 8.2 MEUR, whereas we expected it to be as high as 11 MEUR. However, the actual figure includes an inventory adjustment of 0.8 MEUR, so operationally, it would be 9 MEUR. Still, this figure is slightly below that of the comparison period and well below expectations. Harvia's material margin was strong at around 66%, or over 67% excluding the aforementioned inventory adjustment, which is a very good level. Nevertheless, employee and other expenses grew faster than expected, which, together with lower-than-expected revenue growth, pushed the adj. EBIT margin for the quarter to 17%, slightly below the company's target of over 20%. The company, however, seemed satisfied with its margin for the entire H1, which was just over 20%. It appears that growth investments will therefore continue, despite the temporary weakness in margins.

Threats and opportunities in the US – we lowered our estimates

Harvia generally does not provide guidance and did not comment in detail on developments in the US market following Q2 this time either. In our view, the direct impact of tariffs is limited and manageable, but weaker demand may also be reflected in Harvia's figures during H2. On the other hand, many competitors import their products from China, which could strengthen Harvia's competitive position in the US and/or permit higher prices when competitors are forced to raise theirs. However, the company reiterated that it sees the long-term potential in the US as strong, which we agree with. For Q4, Harvia's comparison figures are strong in both the US and the APAC&MEA region, which may limit revenue growth.

We lowered our estimates for this year's EBIT by about 10% and by 5-8% for 2026-27. We continue to expect good revenue growth in the coming years and a gradual improvement in margins, which the company has not achieved in recent years due to rising costs.

High valuation is deserved, but also exposes to risks

We believe that Harvia's valuation level (e.g. EV/EBIT 2025 over 20x, P/E over 30x) is high, although the company's excellent return on capital employed and allocation, as well as its cash flow profile, will lower the multiples, making them more moderate in the coming years. However, we believe that continued strong growth in the US, the company's largest market and growth driver, is now more uncertain than before, which could slow earnings growth as seen in Q2. We believe that Harvia's capital allocation will continue to create value, i.e., the company will be able to make successful acquisitions, or, in the absence of such, return money to its owners. We also see Harvia as a potential acquisition target, but with the current valuation, we find it quite expensive for the buyer.

Recommendation

Reduce
(was Reduce)

Target price:
EUR 41.00
(was EUR 43.00)

Share price:
EUR 44.00

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	175	195	212	233
growth-%	16%	11%	9%	9%
EBIT adj.	37.1	38.8	45.8	54.0
EBIT-% adj.	21.2 %	19.9 %	21.6 %	23.2 %
Net Income	24.2	25.7	33.2	40.2
EPS (adj.)	1.38	1.41	1.79	2.15

P/E (adj.)	33.4	30.5	24.0	20.0
P/B	7.0	6.0	5.3	4.6
Dividend yield-%	1.6 %	2.0 %	2.3 %	2.8 %
EV/EBIT (adj.)	25.0	22.1	18.3	15.2
EV/EBITDA	21.8	18.8	15.6	13.1
EV/S	5.3	4.4	4.0	3.5

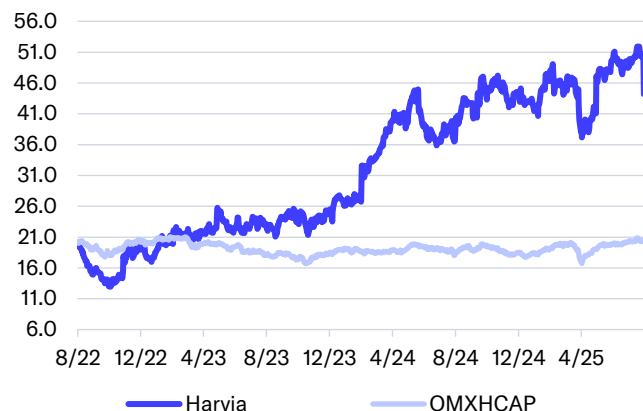
Source: Inderes

Guidance

(Unchanged)

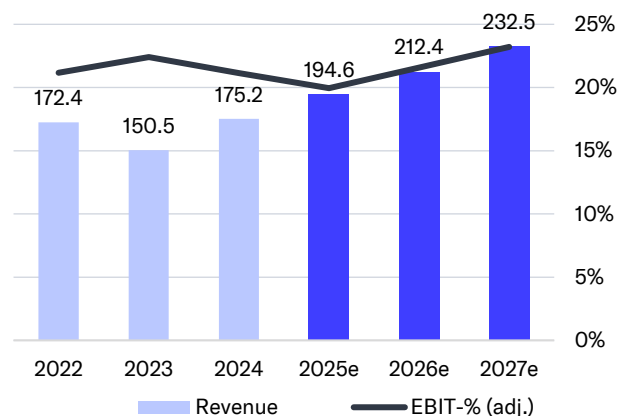
Harvia does not publish a short-term outlook.

Share price



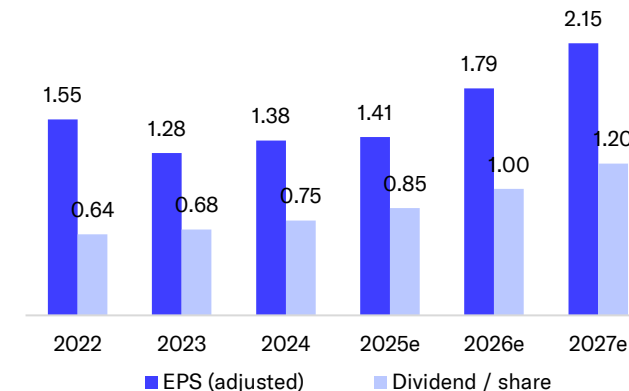
Source: Millistream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Stably growing sauna and spa market in the longer term
- Leading market position and best profitability in the sector
- Strong cash flow and low investment need
- Revenue growth through complementing acquisitions and expansion of the reseller network

Risk factors

- Dependence on the Muurame plant
- Changes in the competitive field or position
- Economic fluctuations and fluctuations on the construction market may slow down growth
- Successful integration of acquisitions
- Weakening global demand trend for saunas

Valuation	2025e	2026e	2027e
Share price	43.1	43.1	43.1
Number of shares, millions	18.7	18.7	18.7
Market cap	803	803	803
EV	856	840	822
P/E (adj.)	30.5	24.0	20.0
P/E	31.2	24.2	20.0
P/B	6.0	5.3	4.6
P/S	4.1	3.8	3.5
EV/Sales	4.4	4.0	3.5
EV/EBITDA	18.8	15.6	13.1
EV/EBIT (adj.)	22.1	18.3	15.2
Payout ratio (%)	61.6 %	56.2 %	55.7 %
Dividend yield-%	2.0 %	2.3 %	2.8 %

Source: Inderes

North America’s growth stopped organically, costs continued to rise

Revenue growth fell short of expectations due to North America

Harvia's revenue grew 9% in Q2, or 12% in local currencies. Approximately 7 percentage points of this growth was attributable to the ThermaSol acquisition. Geographically, development in Europe was practically flat year-on-year, as expected. According to the company, North America grew organically in local currencies, but our estimate is that growth was very modest, meaning that North America was also close to the level of the comparison period in organic terms. This was clearly weaker growth than we had expected.

The company attributed this partly to the distribution of deliveries between Q1 and Q2 and the high comparison figure from last year but also to the weakening market situation, as consumers reacted to factors such as the tariff increase. The company indicated that growth remained solid in the US for the entire H1, but, on the other hand, the market situation change caused by tariffs did not occur until the

beginning of Q2, making it difficult to use H1 development as evidence of a "more accurate" growth rate.

Thus, organic growth largely came from the APAC & MEA region, which grew significantly faster than expected, i.e. by more than 50%. The company commented that all markets in the region were growing well, though growth was supported by large project deliveries in the Middle East. Overall growth in revenue, however, fell short of the consensus forecast by nearly half and was approximately 4 pp below our forecast.

The result was weighed down by continued rapid increase in fixed costs

Harvia's adj. EBIT deteriorated to 8.2 MEUR, whereas we expected it to be as high as 11 MEUR. However, the Q2 figure includes an inventory adjustment of 0.8 MEUR, so operationally, it would be closer to 9 MEUR. Still, this figure is slightly below that of the comparison period and well below expectations. Harvia's material margin was strong at around 66%, or over 67% excluding the aforementioned inventory

adjustment, which is a very good level. Nevertheless, employee and other expenses grew faster than expected, which, together with lower-than-expected revenue growth, pushed the adj. EBIT margin for the quarter to 17%, slightly weaker than the company's target of over 20%.

The company, however, cited the margin for the entire H1, which was just over 20%, and it appears that growth investments will continue.

Cash flow and balance sheet stable

Harvia's cash flow generation was relatively good in Q2 as well, although growth in inventories negatively impacted cash flow from operating activities. This was mainly due to the build-up of US inventories prior to the tariff increase. However, cash flow from operating activities improved from the comparison period to 8 MEUR (6 MEUR). The company's net debt/EBITDA ratio was 1.3x, at the same level as at the turn of the year. This still gives the company plenty of room to make acquisitions if suitable targets are found.

Estimates	Q2'24	Q2'25	Q2'25e	Q2'25e	Consensus		Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	43.2	47.3	48.8	51.1			-3%	195
EBITDA	10.5	9.4	12.8	-			-27%	45.5
EBIT (adj.)	9.4	8.2	11.2	10.4			-27%	38.8
EBIT	8.9	7.6	10.9	10.3			-30%	38.2
EPS (reported)	0.31	0.23	0.41	0.38			-44%	1.38
Revenue growth-%	20.6 %	9.4 %	13.0 %	18.3 %			-3.6 pp	11.1 %
EBIT-% (adj.)	21.8 %	17.4 %	23.0 %	20.4 %			-5.6 pp	19.9 %

Source: Inderes & Modular Finance, 4 analysts (consensus)

Estimates cut

Comments on future events were limited, as usual

Harvia generally does not provide guidance and did not comment in detail on developments in the US market following Q2 this time either. In our view, the direct impact of tariffs is limited and manageable, but weaker demand may also be reflected in Harvia's figures during H2. On the other hand, many competitors import their products from China, which could strengthen Harvia's competitive position in the US and/or permit higher prices when competitors are forced to raise theirs. However, the company reiterated that it sees the long-term potential in the US as strong, which we agree with.

The company also commented that the comparison figures for Q4 in the US are high due to active promotional activities in Q4'24. We noted that in the other growth region, the APAC & MEA segment, the Q4 comparison figure is also relatively high, with revenue growing by over 90% in Q4'24. For this reason, we believe that growth in

Q4 will remain moderate. However, the margin for Q4'24 turned out to be weak because of price-driven promotions, so we think that the company's results will still grow nicely in Q4 as the margin improves.

Estimates cut

We lowered our EBIT forecast for this year by approximately 10%, or 5 MEUR, of which 3 MEUR was attributable to Q2. The remaining 2 MEUR was largely due to higher expenditure levels that we expect toward the end of the year and the slight decline in Q4 growth expectations described above.

We also reduced our estimates for 2026-27 by 5-8%. Our forecast anticipates 9-10% organic growth for 2026-2033 and a relatively clear increase in the adj. EBIT margin, from around 20% in 2024-25 to around 23.5% in 2027-28. Thus far, the company has increased its fixed costs faster than we anticipated, and this trend may continue longer than

expected, which could result in more moderate margin growth. While we believe that investing in growth is the right decision for Harvia in the current situation, we think that expectations of continued strong growth and improved margins in the coming years are rather prone to negative risk.

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	Tot.	%	Old	New	%	Old	New	%
Revenue	199	195	-2%	218	212	-2%	238	233	-2%
EBITDA	50.4	45.5	-10%	57.3	53.8	-6%	65.2	62.6	-4%
EBIT (exc. NRIs)	43.1	38.8	-10%	49.7	45.8	-8%	57.0	54.0	-5%
EBIT	42.8	38.2	-11%	49.4	45.5	-8%	57.0	54.0	-5%
EPS (excl. NRIs)	1.62	1.40	-13%	1.95	1.79	-8%	2.28	2.15	-6%
DPS	0.85	0.85	0%	1.00	1.00	0%	1.20	1.20	0%

Source: Inderes

Harvia Plc, Webcast, Q2'25



Valuation is quite high

Valuation summary

We expect Harvia to grow significantly starting from this year, long into the 2030s, and the company has proven its quality even during the difficult years of 2022-23. Although we find Harvia's multiples high for the next few years we expect the company's earnings growth and good cash flow to push multiples down over the years. The current cash flow level and strong earnings growth offer an expected return of over 10% for years to come. However, the high valuation limits it, especially on a 12-month horizon.

Growth creates value and weighs on multiples over time

From a valuation perspective, we think our projected P/E of over 30x and EV/EBIT of clearly over 20x for 2025 are high. On the other hand, thanks to its strong return on capital and growth profile, Harvia is clearly capable of value-creating growth. P/E for 2027 is 20x and EV/EBIT is down to 15x. The multiples are well above the average of the peer group, although we do not consider the peer group to be directly comparable with Harvia. In our opinion, the premium valuation is justified considering Harvia's excellent return on capital and growth prospects, for example.

Harvia's competitors Sauna 360 and Klafs have been bought by large US companies in recent years. We believe that Harvia could be a potential acquisition target for this type of player, but the current valuation already sets a fairly high price for a possible takeover bid.

The expected return looks reasonable through earnings growth and cash flow

Outlined in terms of earnings growth and dividend (i.e., assuming the current valuation is maintained), we arrive at an expected return of 10-15%. It is also worth noting that our

projections keep Harvia's net debt/EBITDA low (less than 1x), while the target is below 2.5x. This will allow the company to either distribute more profits or make acquisitions, which we believe will support expected returns. Harvia will likely seek to make acquisitions in the future. According to our estimate, free cash flow yield is nearly 4% based on this year's figures. In 2025-30, we estimate that the net profit will grow on average by more than 10%, so also from this perspective, the expected return is around 15%. In our opinion, however, the valuation should decrease from current levels, which limits the expected return compared to these calculations.

DCF model

With a stable industry, steady profitability and a fairly predictable business, we believe that the DCF model is a relevant valuation method for Harvia. As we mentioned earlier, we expect growth to remain close to 10% until 2033. Our growth assumption in the terminal period is 2.8%. In the medium term, we expect profitability to rise to 23-24% in terms of the EBIT margin, with 23% being our terminal assumption.⁴ Our required return is 8.8% and our DCF value is about EUR 41, which is close to our target price.

We expect the level of investment to remain moderate, as Harvia has made significant investments in 2021 that will allow the company to grow. However, growth investments will be needed in the near future, especially in the US. The company's capital requirement is generally low, and the return on capital is high, which enables strong cash flow and growth. Our medium-term assumption for the company's capex/revenue ratio is around 3%, which also allows for growth, with maintenance capex closer to 2% in our view.

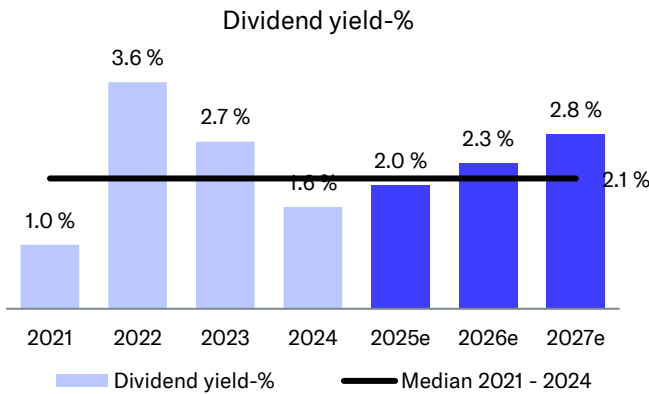
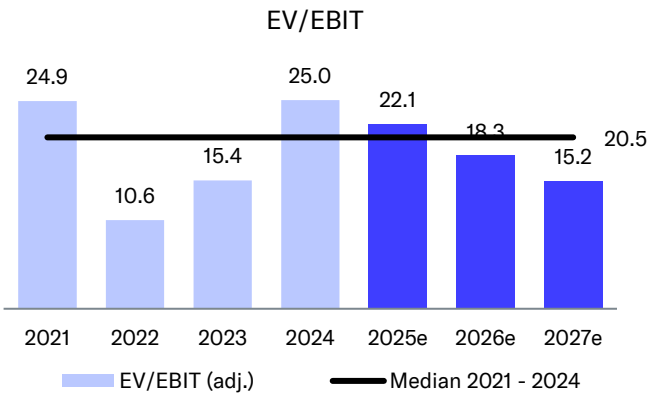
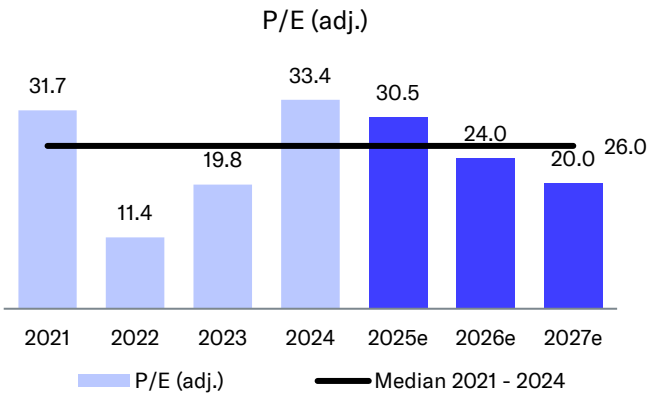
Valuation	2025e	2026e	2027e
Share price	43.1	43.1	43.1
Number of shares, millions	18.7	18.7	18.7
Market cap	803	803	803
EV	856	840	822
P/E (adj.)	30.5	24.0	20.0
P/E	31.2	24.2	20.0
P/B	6.0	5.3	4.6
P/S	4.1	3.8	3.5
EV/Sales	4.4	4.0	3.5
EV/EBITDA	18.8	15.6	13.1
EV/EBIT (adj.)	22.1	18.3	15.2
Payout ratio (%)	61.6 %	56.2 %	55.7 %
Dividend yield-%	2.0 %	2.3 %	2.8 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	24.5	58.7	17.7	25.5	46.1	43.1	43.1	43.1	43.1
Number of shares, millions	18.6	18.6	18.7	18.7	18.7	18.7	18.7	18.7	18.7
Market cap	457	1091	330	476	860	803	803	803	803
EV	503	1181	388	518	926	856	840	822	803
P/E (adj.)	26.0	31.7	11.4	19.8	33.4	30.5	24.0	20.0	17.8
P/E	29.5	32.4	12.2	20.4	35.6	31.2	24.2	20.0	17.8
P/B	6.9	13.5	3.4	4.4	7.0	6.0	5.3	4.6	4.1
P/S	4.2	6.1	1.9	3.2	4.9	4.1	3.8	3.5	3.1
EV/Sales	4.6	6.6	2.3	3.4	5.3	4.4	4.0	3.5	3.1
EV/EBITDA	18.8	22.5	9.2	13.2	21.8	18.8	15.6	13.1	11.7
EV/EBIT (adj.)	20.5	24.9	10.6	15.4	25.0	22.1	18.3	15.2	13.4
Payout ratio (%)	61%	33%	44%	55%	58%	62%	56%	56%	60%
Dividend yield-%	2.1 %	1.0 %	3.6 %	2.7 %	1.6 %	2.0 %	2.3 %	2.8 %	3.4 %

Source: Inderes



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

Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Thule Group AB	2589	2951	18.4	15.7	15.4	13.4	3.1	2.9	23.3	19.4	3.5	4.1	3.7
Nobia AB	279	716	32.2	14.4	8.4	6.1	0.8	0.8		12.3			0.8
Dometic Group AB	1451	2551	14.0	11.0	8.6	7.3	1.3	1.3	14.3	9.7	2.6	3.5	0.7
Nokian Tyres plc	1077	1940	29.1	16.1	9.1	7.1	1.4	1.3	28.3	13.6	3.7	4.2	0.8
Rapala VMC Oyj	53	142	17.0	13.8	6.9	6.8	0.6	0.6				0.7	0.4
Husqvarna AB	2739	3642	11.6	9.9	6.3	5.7	0.9	0.8	14.3	11.9	3.4	4.5	1.2
Inwido AB	931	1070	12.9	11.3	9.2	8.3	1.3	1.2	16.8	14.4	3.4	3.8	1.8
Nibe Industrier AB	8027	9723	25.6	21.6	16.8	15.0	2.7	2.5	34.1	26.5	1.0	1.3	2.7
Technogym SpA	2819	2742	19.0	16.8	13.5	12.2	2.8	2.6	26.5	23.5	2.7	2.7	8.1
Rockwool A/S	7930	7650	11.4	10.9	8.1	7.7	2.0	1.9	15.4	14.7	2.1	2.2	2.4
Kingspan Group PLC	12856	14966	16.0	14.1	12.2	10.9	1.6	1.5	18.1	15.9	0.8	0.9	2.6
Electrolux AB	1506	4305	14.0	9.8	5.2	4.4	0.4	0.4	12.2	6.2	2.0	7.5	1.5
De' Longhi SpA	4409	4245	9.1	8.6	7.1	6.8	1.1	1.1	12.9	12.3	3.7	3.6	2.1
Tulikivi	27	35	17.3	11.6	6.9	6.9	1.1	1.0	22.5	15.0	2.2	4.4	1.4
Harvia (Inderes)	803	856	22.1	18.3	18.8	15.6	4.4	4.0	30.5	24.0	2.0	2.3	6.0
Average			17.7	13.3	9.5	8.5	1.5	1.4	19.9	15.0	2.6	3.3	2.2
Median			16.5	12.7	8.5	7.2	1.3	1.2	17.4	14.4	2.7	3.6	1.6
Diff-% to median			34%	45%	122%	116%	236%	219%	75%	67%	-26%	-36%	271%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	151	42.4	43.2	38.7	50.9	175	52.0	47.2	42.9	52.5	195	212	233	255
Northern Europe	0.0	11.7	11.6	9.6	10.9	43.8	11.9	11.5	10.2	11.0	44.6	45.9	47.3	48.7
Continental Europe	0.0	13.6	12.7	11.5	14.9	52.7	14.5	12.7	12.0	15.5	54.7	56.9	59.2	61.5
North America	43.5	13.7	14.7	13.5	20.1	62.0	21.8	16.6	15.8	20.2	74.4	85.6	98.4	113
APAC & MEA	11.0	3.4	4.2	4.1	5.0	16.7	3.8	6.4	4.9	5.8	20.9	24.0	27.6	31.7
EBITDA	39.3	11.5	10.5	10.1	10.4	42.4	13.8	9.4	9.1	13.2	45.5	53.8	62.6	68.6
Depreciation	-6.3	-1.6	-1.6	-1.8	-2.0	-7.0	-1.9	-1.8	-1.8	-1.8	-7.3	-8.3	-8.6	-8.8
EBIT (excl. NRI)	33.7	10.1	9.4	8.9	8.7	37.1	11.9	8.2	7.3	11.4	38.8	45.8	54.0	59.9
EBIT	33.0	9.9	8.9	8.3	8.4	35.5	11.9	7.6	7.3	11.4	38.2	45.5	54.0	59.9
Net financial items	-3.5	-0.1	-1.0	-1.5	-1.0	-3.6	-1.4	-2.2	-1.0	-1.0	-5.6	-3.0	-2.5	-2.0
PTP	29.5	9.8	7.9	6.8	7.4	31.8	10.5	5.4	6.3	10.4	32.6	42.6	51.5	57.9
Taxes	-6.3	-2.3	-2.0	-1.3	-2.0	-7.6	-2.3	-1.1	-1.4	-2.3	-7.0	-9.4	-11.3	-12.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	23.3	7.5	5.8	5.5	5.4	24.2	8.2	4.4	4.9	8.1	25.6	33.2	40.2	45.2
EPS (adj.)	1.28	0.41	0.34	0.32	0.31	1.38	0.44	0.27	0.26	0.43	1.40	1.79	2.15	2.42
EPS (rep.)	1.25	0.40	0.31	0.29	0.29	1.30	0.44	0.23	0.26	0.43	1.38	1.78	2.15	2.42

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	-12.7 %	2.5 %	20.6 %	14.0 %	29.2 %	16.4 %	22.6 %	9.3 %	10.9 %	3.1 %	11.1 %	9.2 %	9.5 %	9.8 %
Adjusted EBIT growth-%	-7.6 %	8.4 %	18.0 %	29.5 %	-9.4 %	9.9 %	17.8 %	-12.7 %	-17.2 %	30.8 %	4.7 %	18.1 %	17.8 %	10.9 %
EBITDA-%	26.1 %	27.1 %	24.2 %	26.0 %	20.4 %	24.2 %	26.5 %	19.9 %	21.3 %	25.1 %	23.4 %	25.3 %	26.9 %	26.9 %
Adjusted EBIT-%	22.4 %	23.8 %	21.8 %	22.9 %	17.1 %	21.2 %	22.9 %	17.4 %	17.1 %	21.7 %	19.9 %	21.6 %	23.2 %	23.5 %
Net earnings-%	15.5 %	17.7 %	13.5 %	14.1 %	10.6 %	13.8 %	15.8 %	9.2 %	11.5 %	15.4 %	13.1 %	15.6 %	17.3 %	17.7 %

Source: Inderes

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	115	146	146	146	145
Goodwill	73.4	91.1	91.1	91.1	91.1
Intangible assets	8.7	16.9	17.1	17.3	17.5
Tangible assets	29.4	36.3	36.0	36.0	35.0
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	2.4	1.0	1.0	1.0	1.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	1.0	0.8	0.8	0.8	0.8
Current assets	99.4	119	92.0	98.3	108
Inventories	35.5	49.2	48.6	51.0	55.8
Other current assets	4.6	0.6	0.6	0.6	0.6
Receivables	18.7	22.3	25.3	27.6	30.2
Cash and equivalents	40.6	46.4	17.5	19.1	20.9
Balance sheet total	214	265	238	245	253

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	109	124	136	153	175
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	75.1	86.8	98.6	116	137
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	32.4	35.9	35.9	35.9	35.9
Minorities	1.1	1.2	1.2	1.2	1.2
Non-current liabilities	80.8	111	69.1	55.6	35.4
Deferred tax liabilities	1.2	2.7	2.7	2.7	2.7
Provisions	2.0	2.8	2.8	2.8	2.8
Interest bearing debt	77.4	103	60.6	47.1	27.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.2	3.0	3.0	3.0	3.0
Current liabilities	24.7	29.3	33.2	35.9	43.0
Interest bearing debt	0.8	1.0	2.7	2.7	6.7
Payables	18.0	26.4	29.2	31.9	34.9
Other current liabilities	5.9	1.9	1.4	1.4	1.4
Balance sheet total	214	264	238	245	253

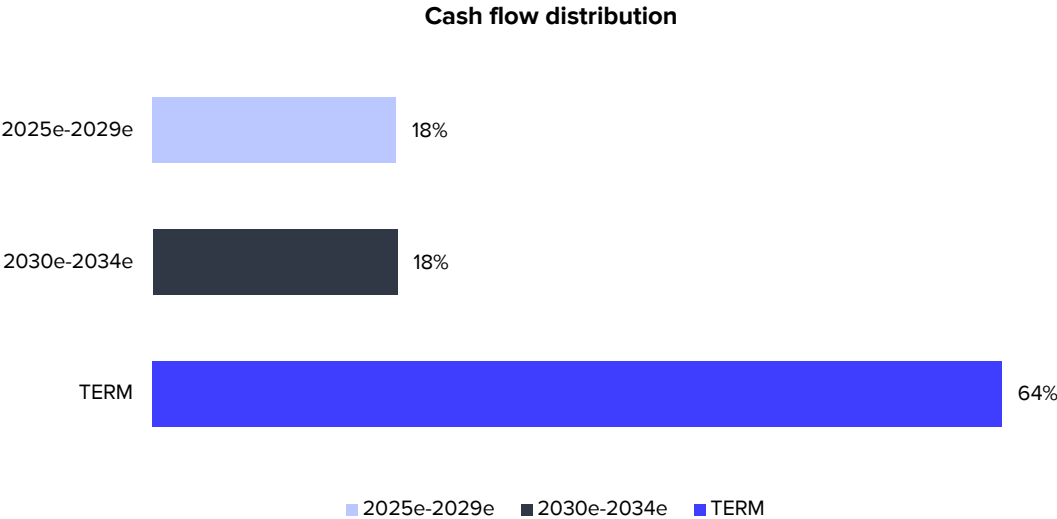
DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	16.4 %	11.1 %	9.2 %	9.5 %	9.8 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	3.0 %	3.0 %
EBIT-%	20.2 %	19.6 %	21.4 %	23.2 %	23.5 %	24.0 %	24.0 %	24.0 %	24.0 %	23.0 %	23.0 %	23.0 %
EBIT (operating profit)	35.5	38.2	45.5	54.0	59.9	66.8	72.8	79.3	86.5	90.3	93.0	
+ Depreciation	7.0	7.3	8.3	8.6	8.8	8.7	8.6	8.7	8.3	8.9	9.5	
- Paid taxes	-5.9	-6.9	-9.4	-11.3	-12.7	-14.6	-16.0	-17.5	-19.0	-19.9	-20.5	
- Tax, financial expenses	-0.9	-1.2	-0.7	-0.6	-0.4	-0.1	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-8.9	-0.2	-2.0	-4.4	-5.0	-5.1	-5.5	-6.0	-6.5	-7.1	-2.6	
Operating cash flow	26.7	37.3	41.8	46.3	50.5	55.7	59.8	64.6	69.2	72.2	79.5	
+ Change in other long-term liabilities	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-38.4	-7.2	-8.5	-7.9	-8.5	-8.5	-9.3	-10.1	-11.0	-12.0	-12.0	
Free operating cash flow	-8.1	30.1	33.3	38.5	41.9	47.1	50.5	54.5	58.2	60.2	67.5	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-8.1	30.1	33.3	38.5	41.9	47.1	50.5	54.5	58.2	60.2	67.5	1191
Discounted FCFF		29.1	29.6	31.4	31.4	32.5	32.0	31.7	31.1	29.6	30.5	537
Sum of FCFF present value		846	817	787	756	725	692	660	628	597	568	537
Enterprise value DCF		846										
- Interest bearing debt		-104										
+ Cash and cash equivalents		46										
-Minorities		-7										
-Dividend/capital return		-14										
Equity value DCF		768										
Equity value DCF per share		41.1										

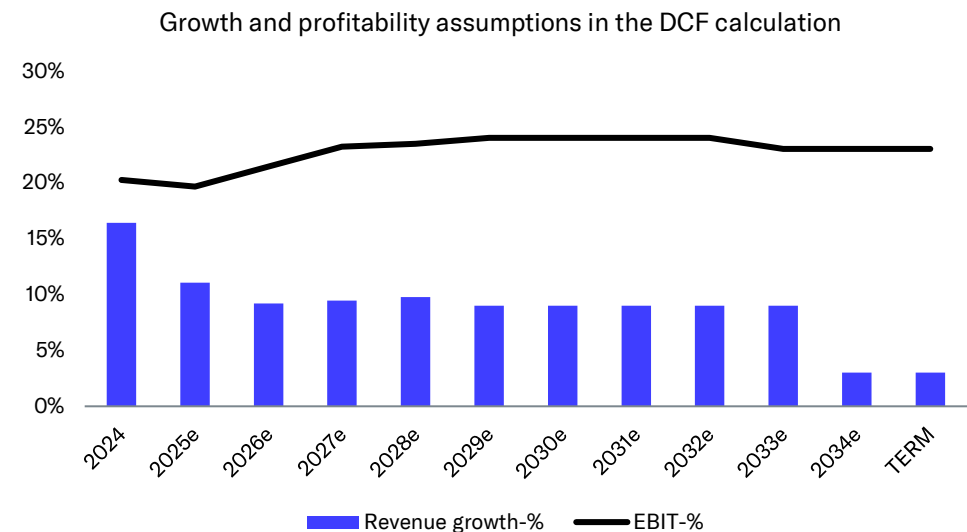
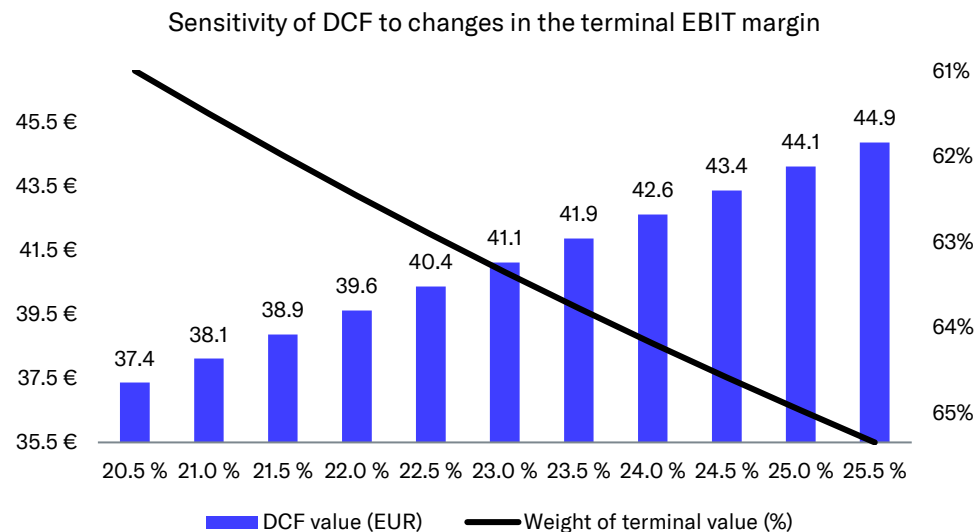
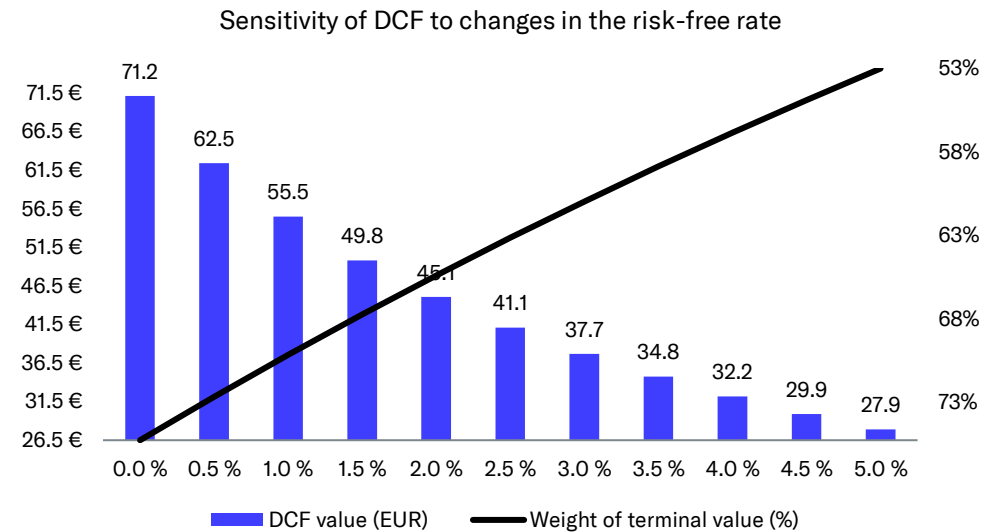
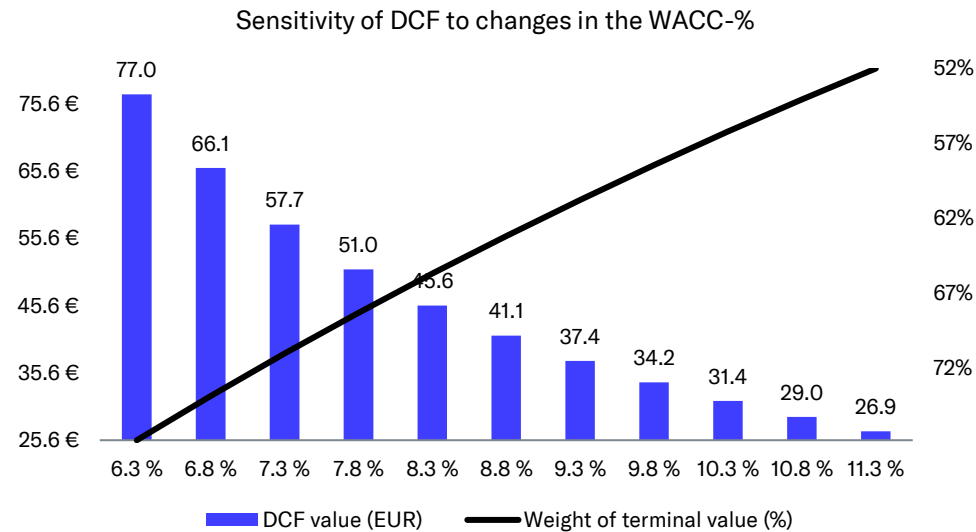
WACC

Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	5.0 %
Equity Beta	1.5
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	9.4 %
Weighted average cost of capital (WACC)	8.8 %

Source: Inderes



DCF sensitivity calculations and key assumptions in graphs



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

Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	172.4	150.5	175.2	194.6	212.4	EPS (reported)	1.45	1.25	1.30	1.38	1.78
EBITDA	42.2	39.3	42.4	45.5	53.8	EPS (adj.)	1.55	1.28	1.38	1.41	1.79
EBIT	34.7	33.0	35.5	38.2	45.5	OCF / share	1.39	2.09	1.43	2.00	2.24
PTP	36.8	29.5	31.8	32.6	42.6	OFCF / share	-0.32	1.74	-0.44	1.61	1.79
Net Income	27.1	23.3	24.2	25.7	33.2	Book value / share	5.21	5.76	6.58	7.21	8.14
Extraordinary items	-1.8	-0.7	-1.6	-0.6	-0.3	Dividend / share	0.64	0.68	0.75	0.85	1.00
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	208.7	214.3	264.6	238.0	244.5	Revenue growth-%	-4%	-13%	16%	11%	9%
Equity capital	98.4	108.7	124.0	135.7	153.1	EBITDA growth-%	-20%	-7%	8%	7%	18%
Goodwill	73.4	73.4	91.1	91.1	91.1	EBIT (adj.) growth-%	-23%	-8%	10%	5%	18%
Net debt	54.6	37.6	57.3	45.8	30.7	EPS (adj.) growth-%	-16%	-17%	8%	2%	27%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	24.5 %	26.1 %	24.2 %	23.4 %	25.3 %
EBITDA	42.2	39.3	42.4	45.5	53.8	EBIT (adj.)-%	21.2 %	22.4 %	21.2 %	19.9 %	21.6 %
Change in working capital	-7.5	6.9	-8.9	-0.2	-2.0	EBIT-%	20.1 %	21.9 %	20.2 %	19.6 %	21.4 %
Operating cash flow	26.0	39.1	26.7	37.3	41.8	ROE-%	30.5 %	22.7 %	21.0 %	20.0 %	23.2 %
CAPEX	-7.4	-3.2	-38.4	-7.2	-8.5	ROI-%	21.8 %	18.1 %	17.1 %	17.9 %	22.7 %
Free cash flow	-6.0	32.5	-8.1	30.1	33.3	Equity ratio	47.1 %	50.7 %	46.9 %	57.0 %	62.6 %
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	55.5 %	34.6 %	46.2 %	33.7 %	20.0 %
EV/S	2.3	3.4	5.3	4.4	4.0						
EV/EBITDA	9.2	13.2	21.8	18.8	15.6						
EV/EBIT (adj.)	10.6	15.4	25.0	22.1	18.3						
P/E (adj.)	11.4	19.8	33.4	30.5	24.0						
P/B	3.4	4.4	7.0	6.0	5.3						
Dividend-%	3.6 %	2.7 %	1.6 %	2.0 %	2.3 %						

Source: Inderes

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

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

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
11/26/2020	Buy	22.00 €	19.10 €
2/12/2021	Accumulate	33.00 €	30.00 €
4/18/2021	Buy	45.00 €	33.65 €
5/6/2021	Accumulate	47.00 €	42.25 €
5/31/2021	Accumulate	52.00 €	46.05 €
7/17/2021	Accumulate	62.00 €	58.20 €
8/12/2021	Accumulate	64.00 €	59.00 €
9/2/2021	Buy	64.00 €	53.30 €
11/5/2021	Accumulate	65.00 €	60.00 €
Analyst changed			
1/27/2022	Buy	57.00 €	44.20 €
2/10/2022	Buy	51.00 €	39.20 €
3/11/2022	Buy	42.00 €	34.15 €
5/5/2022	Buy	42.00 €	32.22 €
7/20/2022	Accumulate	27.00 €	24.00 €
Analyst changed			
8/12/2022	Accumulate	22.00 €	19.93 €
9/9/2022	Buy	20.00 €	15.23 €
11/4/2022	Buy	20.00 €	15.46 €
12/19/2022	Accumulate	21.00 €	18.33 €
2/10/2023	Reduce	22.00 €	22.10 €
5/5/2023	Reduce	24.00 €	25.06 €
5/29/2023	Accumulate	24.00 €	22.14 €
8/11/2023	Accumulate	24.00 €	22.00 €
9/13/2023	Accumulate	25.50 €	24.00 €
11/3/2023	Accumulate	25.00 €	23.50 €
12/11/2023	Reduce	25.00 €	25.48 €
2/9/2024	Sell	28.00 €	32.60 €
5/6/2024	Sell	30.00 €	38.60 €
8/6/2024	Sell	32.00 €	36.50 €
8/9/2024	Sell	35.00 €	40.40 €
9/24/2024	Sell	37.00 €	42.45 €
11/8/2024	Sell	40.00 €	46.10 €
2/14/2025	Reduce	46.00 €	47.10 €
4/24/2025	Reduce	40.00 €	38.70 €
5/8/2025	Reduce	43.00 €	47.10 €
8/8/2025	Reduce	41.00 €	43.05 €



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