

# Alma Media

## Company report

07/19/2023 18:45



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✓ Inderes corporate customer

This report is a summary translation of the report “Kustannukset pysyvät tiukassa otteessa” published on 7/19/2023 at 6:45 pm

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# Costs remain under tight control

Alma Media's Q2 result was better than we expected, as the company's cost structure was more flexible than we predicted despite high inflation. This strengthens our confidence in the company's short-term profitability development, as with the fairly weak economic growth outlook, the operating environment offers no support for earnings development. We made no substantial estimate changes after the report and thus reiterate our Accumulate recommendation and EUR 10.0 target price for the moderately valued Alma Media. Our relatively recent extensive report on Alma Media is available [here](#).

## The Q2 result was stronger than we expected as cost efficiency was good

Alma Media's revenue decreased by 1% in Q2, as expected. The development was also quite well in line with our expectations at segment level, as Career reached the revenue level of the comparison period, supported by good development in value added services. Correspondingly the demand in Consumer and Talent was held back by the development of advertising in particular, but the slight decline in revenue in the segments was in line with our expectations. Alma Media's adjusted EBIT was EUR 19.4 million in Q2, which was clearly above our estimate. This represents a relatively good 24.8% adjusted EBIT margin. In Q2, Alma Media's total expenses decreased from the comparison period, which we think is a good performance in the current high inflation environment. This also demonstrates the flexibility of the company's cost structure and its responsiveness, which is important now that the demand drivers from the operating environment are weak. At segment level, cost flexibility was reflected in Career in particular, where profitability exceeded our expectations. However, this was also comped by Consumer and Talent.

## Only minor revisions to estimates

Alma Media reiterated its guidance for 2023 according to which its revenue (2022: 309 MEUR) and adjusted EBIT (73.4 MEUR) will be at the same level as in 2022 or will fall from the 2022 level. The company also expects demand for recruitment services to remain at least at the level of the comparative period in Q3 and recovery in advertising to continue in H2. Adjustment measures also help the company to maintain its performance, which the company expects to have a stronger impact in H2. The guidance being repeated was expected and with the stronger Q2 result we predicted, our short-term estimates rose slightly. For the current year, we expect a 1% drop in revenue and a 4% decrease in adjusted EBIT. We believe that the short-term demand picture is still weakish in the light of the recent economic growth outlook, but we are confident that the company will be able to defend its profitability even if the demand picture continued to develop in a weaker direction.

## We find the valuation moderate, we do not consider Otava's bid consideration attractive

With the result of the past 12 months, we find the valuation of Alma Media's share moderate (LTM P/E 12x and EV/EBIT 12x). The gradually improving EBIT in the coming years, together with the cash flow that will absorb the debt level will keep the valuation moderate with our estimates for the next few years, even though the higher net financing costs we expect will erode the net result (2025e P/E ratio 14x and EV/EBIT ratio 11x). We feel there is upside in the valuation, which together with our dividend forecast of good 5%, raises the expected return in the next few years to an attractive level. The consideration of Otava's ongoing bid is at the current share price level and thus we do not find it attractive.

## Recommendation

**Accumulate**

(previous Accumulate)

**EUR 10.00**

(previous EUR 10.00)

**Share price:**

9.14



## Key figures

	2022	2023e	2024e	2025e
<b>Revenue</b>	309	305	308	313
<b>growth-%</b>	12%	-1%	1%	2%
<b>EBIT adj.</b>	73.4	70.1	70.5	73.0
<b>EBIT-% adj.</b>	23.8 %	23.0 %	22.9 %	23.3 %
<b>Net Income</b>	72.4	54.5	51.7	53.7
<b>EPS (adj.)</b>	0.72	0.63	0.64	0.66

<b>P/E (adj.)</b>	13.1	14.5	14.4	13.9
<b>P/B</b>	3.8	3.4	3.2	3.0
<b>Dividend yield-%</b>	4.7 %	5.0 %	5.3 %	5.4 %
<b>EV/EBIT (adj.)</b>	12.5	12.6	12.2	11.5
<b>EV/EBITDA</b>	9.5	10.1	9.9	9.4
<b>EV/S</b>	3.0	2.9	2.8	2.7

Source: Inderes

## Guidance

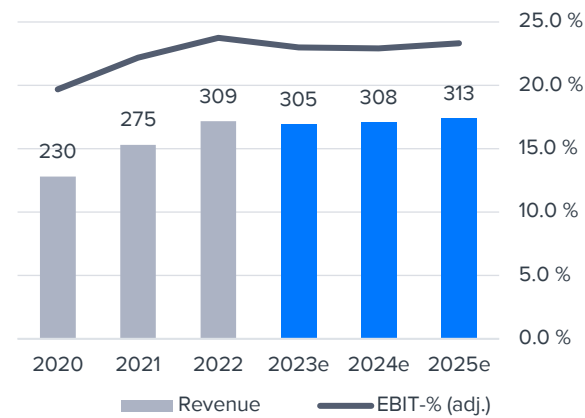
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In 2023, Alma Media expects its full-year revenue (2022: 309 MEUR) and adjusted EBIT (2022: 73.4 MEUR) to remain at the 2022 level or to decrease from it.

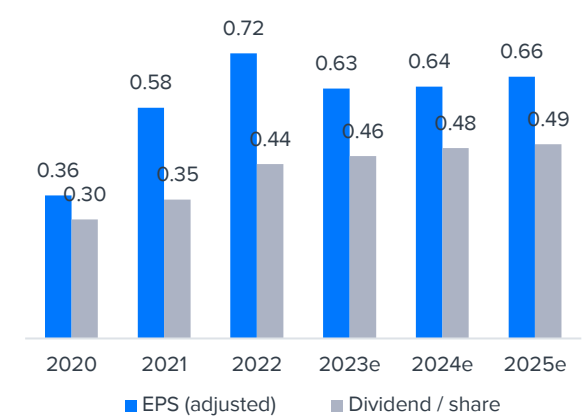
### Share price



### Revenue and EBIT-%



### EPS and dividend



### Value drivers

- Profitable growth in digital businesses
- Positive long-term market trends of marketplace businesses
- Stable profitability development and good cash flow of media businesses
- M&A transaction option that is positive considering the track record



### Risk factors

- Cyclicalities especially in advertising and recruitment business
- Accelerated revolution in media and decrease in print media
- Competitive risks posed by new technologies
- Possible changes in competitive position and dynamics

Valuation	2023e	2024e	2025e
Share price	9.14	9.14	9.14
Number of shares, millions	82.2	82.2	82.2
Market cap	751	751	751
EV	882	863	842
P/E (adj.)	14.5	14.4	13.9
P/E	13.8	14.5	14.0
P/B	3.4	3.2	3.0
P/S	2.5	2.4	2.4
EV/Sales	2.9	2.8	2.7
EV/EBITDA	10.1	9.9	9.4
EV/EBIT (adj.)	12.6	12.2	11.5
Payout ratio (%)	69.3 %	76.3 %	75.0 %
Dividend yield-%	5.0 %	5.3 %	5.4 %

Source: Inderes

# Good cost efficiency strengthened profitability

## Career's development was stable, Consumer and Talent contracted slightly

Alma Media's revenue decreased by 1% in Q2, which was in line with our expectations. Career's revenue reached the level of the comparison period, as the decline in recruitment services, especially in Finland and the Baltic was offset by the growth in Croatia strengthened by tourism.

Consumer and Talent that were affected by the weak advertising market developed as expected, as the revenue of both contracted by 3%. Despite the subdued investment situation in consumer goods, Consumer's marketplaces reached a slightly higher revenue level than in the comparison period (+2%), reflecting good demand retention.

## Profitability development better than we expected

Alma Media's profitability development was stronger than we expected, as the company achieved an adjusted EBIT margin of 24.8% in Q2. Thus, Alma Media's adjusted EBIT was EUR 19.4 million in Q2,

which exceeded our estimate. As regards the company's cost-effectiveness and cost structure flexibility, it is telling that in the current high inflation environment the overall costs in Q2 decreased by 2%, i.e. slightly faster than revenue.

At segment level, cost flexibility was reflected especially in Career, where total costs decreased by 3%, which was better than we expected. Thus Career was responsible for most of the overshoot compared to our earnings estimates but Talent's and Consumer's costs were also slightly better under control than we expected.

Alma Media recognized small positive non-recurring items in the reported EBIT from business acquisitions and a EUR 3 million non-recurring item from the revaluation of the additional purchase price debt, which pushed net financial expenses clearly positive. These strengthened the overshoot of the operational EBIT, which resulted in the reported EPS for Q2 climbing to EUR 0.23 and clearly exceeding our estimates.

## Cash flow was weakened by working capital commitment, the financial position remained comfortable

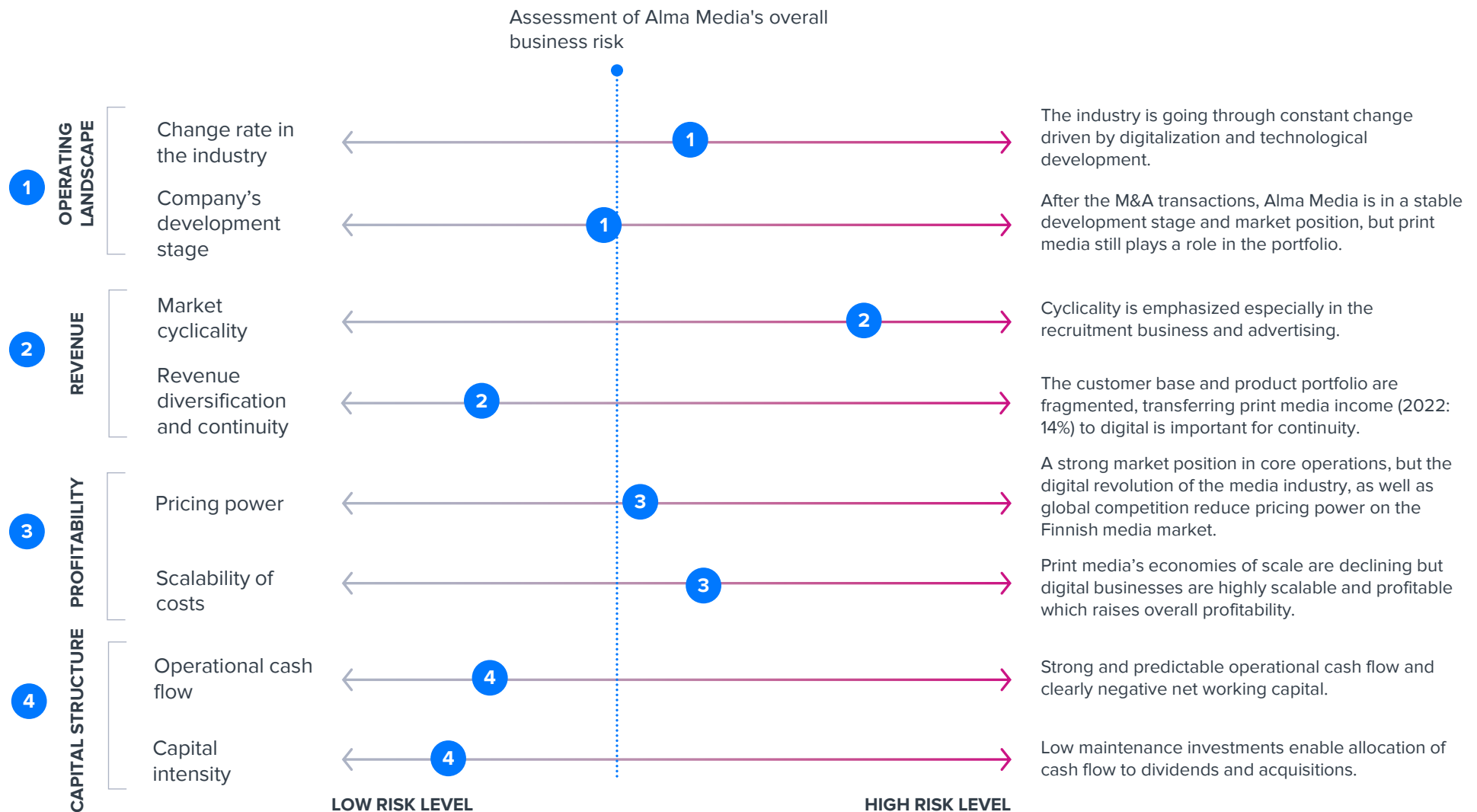
In H1, Alma Media generated EUR 30.4 million in operating cash flow and organic investments amounted to EUR 5.4 million. Thus, the company's free cash flow (after paying lease liabilities) was EUR 20.8 million. H1 cash flow development was weakened by the slowdown in Career's invoicing, which reduces advance payments. Thus, we expect working capital commitment to slow down cash flow development this year, but this does not change the company's strong overall cash flow profile.

Alma's net debt at the end of Q2 was EUR 160 million and the company's net debt/previous 12 months EBITDA was 1.8x. Thus, the company's financial position has remained very good, even though dividend payment increased indebtedness slightly from the level at the end of Q1.

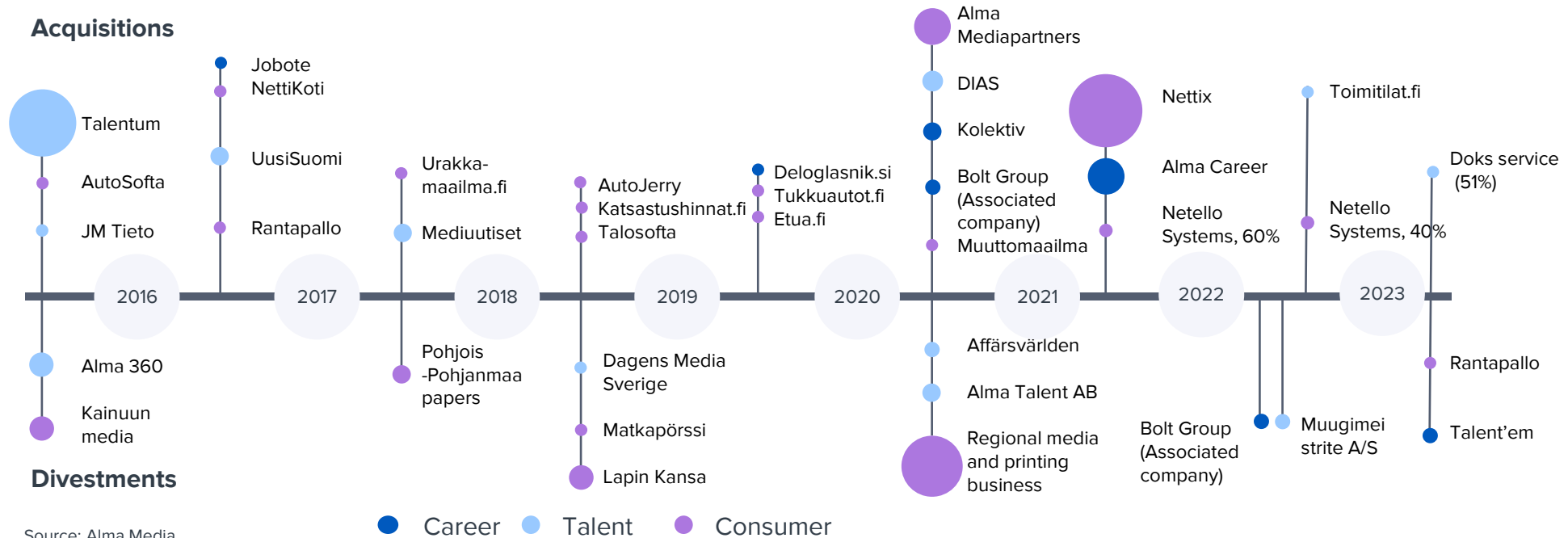
Estimates	Q2'22	Q2'23	Q2'23e	Q2'23e	Consensus		Difference (%)	2023e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	79.3	78.2	77.8	78.2	78.0	- 78.6	1%	305
EBIT (adj.)	19.2	19.4	18.0	17.6	16.6	- 18.4	8%	70.1
EBIT	25.9	19.9	17.9	17.5	17.4	- 17.6	11%	69.9
PTP	27.5	22.8	16.5	-	-	-	38%	68.2
EPS (reported)	0.28	0.23	0.16	0.16	0.15	- 0.16	44%	0.66
Revenue growth-%	10.7 %	-1.4 %	-1.9 %	-1.4 %	-1.7 %	- -0.9 %	0.5 pp	-1.3 %
EBIT-% (adj.)	24.3 %	24.8 %	23.1 %	22.5 %	21.3 %	- 23.4 %	1.7 pp	23.0 %

Source: Inderes & Vara Research (consensus, 4 estimates)

# Risk profile of Alma Media's business model



# M&A



## Business activities' M&A strategy

### Career

- Importance of M&A strategic
- M&A transactions focus on strengthening and complementing value chains, and expanding into new markets
- We believe partnerships and consolidation are possible if opportunities open up

### Talent

- Role of M&A transactions is complementing
- Focus of M&A transactions on developing the portfolio and strengthening the growth of digital services
- Possibly small "precision" acquisitions in areas with high synergies with core operations and that create cost efficient growth like B2B service business

### Consumer

- Importance of M&A strategic
- Target areas of acquisitions primarily those with high synergies with core businesses and that complement the value chain
- In marketplaces the playing field for possible consolidation is mainly the Nordic countries

# Only minor revisions to estimates

## Estimate changes 2023-2025e

- After the Q2 report, we only made minor adjustments to our estimates in the short term or the next few years
- Our adjusted EBIT estimate for 2023 increased by 4% most of which comes from the estimate overshoot in Q2. In addition, we fine-tuned our H2 cost estimates in line with the cost efficiency shown by the company and the efficiency measures that will have a greater impact on H2
- Below operational items, our estimates increased significantly more, which is due to the positive net financing costs in Q2
- Our estimates for 2024-2025 increased by 2%, also mainly due to the slight downward adjustments in the estimates concerning the cost structure

## Operational earnings drivers 2023-2024e:

- We expect 2023 revenue to fall by nearly 1%, while adjusted EBIT is expected to fall by some 4%. This reflects our expectations of the recruitment business being roughly at the level of the comparison period in H2, and slightly contracting media advertising. However, the reduction of revenue in our estimates is compensated for by strict cost control also in H2
- In 2024, we expect revenue turning to growth thanks to Consumer's marketplaces picking up but in light of recent invoicing development, we have cut Career's growth estimate to zero
- We do not expect substantial earnings growth in 2024, because a weak growth outlook together with inflation that is still above long-term levels, will maintain upward pressure in the cost structure in our opinion. Thus, we estimate that there is need for strict cost control also next year, but Alma Media's track record of this is strong

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	306	305	0%	310	308	-1%	315	313	-1%
EBIT (exc. NRIs)	67.6	70.1	4%	69.1	70.5	2%	71.8	73.0	2%
EBIT	66.7	69.9	5%	68.6	70.0	2%	71.3	72.5	2%
PTP	60.8	68.2	12%	65.1	66.3	2%	67.7	68.9	2%
EPS (excl. NRIs)	0.59	0.63	6%	0.62	0.64	2%	0.65	0.66	2%
DPS	0.46	0.46	0%	0.48	0.48	0%	0.49	0.49	0%

Source: Inderes

# Investment profile

1.

**Growth in digital businesses and excellent profitability**

2.

**Stable and profitable core operations that generate good cash flow**

3.

**Cyclicality raises the risk profile of the business**

4.

**Strong cash flow helps lower gearing quickly and brings leeway for acquisitions**

5.

**We expect the company to continue with acquisitions that shape income sources and strengthen growth**

## Potential



- Organic growth potential in high profitability digital businesses
- Excellent cash flow and high ROIC
- M&A transaction option that is positive considering the track record

## Risks



- Cyclicality
- Structural decrease in print media income and arising needs for adjustment
- Changes in the competitive position
- Changes in technology



# Valuation 1/2

## Valuation methods

When valuing the share, we currently place most weight on the share's expected total return based on the forecasts for the next few years (earnings growth + dividends + expected changes in valuation multiples). In addition, we approach the valuation with the cash flow model (DCF). In the valuation, we favor the EV/EBIT ratio that reflects the balance sheet structure and the P/E ratio.

We do not give much weight to the relative valuation, because there are no clear peers available for Alma Media's business structure. The best peer for Alma Media would be Schibsted, involved in both marketplace and media businesses but its valuation and valuation multiples are currently confounded by the special situation related to the Adevinta holding, which is why we believe it is not suitable for relative valuation.

We have abandoned the sum of the parts model that we applied before, because we believe its suitability for Alma Media's segments consisting of various income sources is weak. We also do not expect the different segments of Alma Media to be for sale, as we estimate that the operational synergies especially between the digital media business and marketplaces are an essential reason to keep the businesses together.

## Share's expected total return

We believe the role of dividend is crucial in the expected return of the share. With our estimate, the divided yield is 5-5.5% for the next few years.

We predict that organic earnings growth in the coming years will be weak from the strong 2022 level. Our 2025 EBIT estimates are broadly in line with the 2022 outcome, as higher financing costs erode the net result. Thus, earnings growth does not provide a driver for the expected return during the review period.

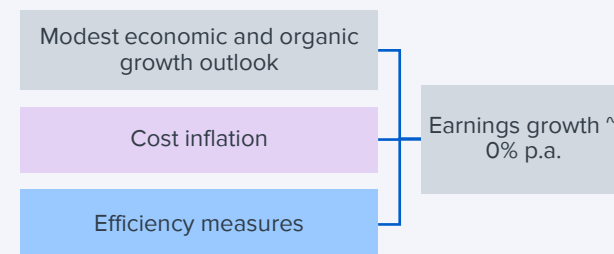
Alma Media's earnings-based valuation multiples for the past 12 months are P/E 12x and EV/EBIT 12x. We find these earnings-based valuation multiples moderate in absolute terms relative to Alma Media's rather good capital performance, excellent cash conversion of the businesses and the ability to generate free cash flow as a result of moderate investment needs. Considering these factors, the EV/EBIT ratio based on our 2025 estimates falls to 11x and the corresponding P/E ratio is 14x, which we consider attractive as a whole.

Short-term valuation multiples can also be compared to Alma Media's historical valuation multiples, which have averaged 14x for the EV/EBIT ratio and 18x for the P/E ratio. The valuation multiples for the previous five years were set in the zero interest rate period, after which acceptable valuation levels have decreased due to increased interest rates. Thus, we do not expect investors to price the share in the current interest rate environment with the same multiples as in the previous five years. It should be noted, however, that Alma Media's business has also changed considerably as the relative share of digital business has increased, which has also increased business profitability, return on capital and cash flow.

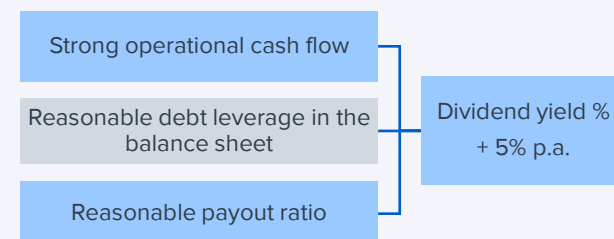
## TSR drivers Q2'23 LTM-2025e

■ Positive ■ Neutral ■ Negative

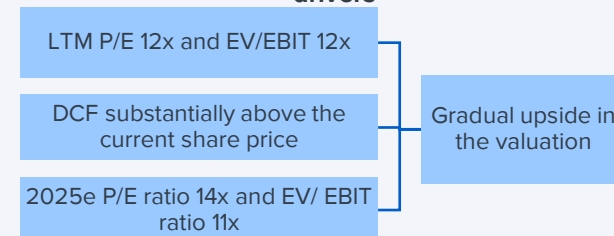
### Profit drivers



### Dividend yield drivers



### Valuation multiple drivers



Risk/return ratio turns positive

## Valuation 2/2

We feel these factors support an increase in the acceptable valuation level. Thus, we believe that the rise in required returns and the change in business portfolio are clearly driving the acceptable valuation in opposite directions. In our view, the acceptable valuation has risen close to the five-year average levels with the change in the business portfolio. Thus, we feel there is upside in the absolute valuation multiples from the current level. Therefore, the expected return consisting of the upside in the valuation and the dividend yield turn the risk/return ratio positive in our opinion.

### DCF

We feel that the applicability of the DCF calculation in Alma Media's valuation is reasonable, and it reflects the company's long-term ability to create value. On the other hand, we feel its applicability is to some extent weakened by the partial cyclicity of demand.

Our DCF model indicates a share value of EUR 10.8. In our DCF model, revenue growth is in the medium and long-term driven by the growth in digital businesses, but the growth is slightly slowed down by the decreasing print media. Our revenue growth estimate for 2026-2032 is 2.5% on average. As the digital businesses grow, the company's relative profitability and return on capital remain, however, relatively stable. In the long term, the EBIT margin is 23-23.5%, which is in line with the profitability achieved in recent history, but below the company's own target level. Thus, long-term profitability expectations do not seem too demanding considering Alma Media's track record.

In the model, the weight of the terminal period in the value of cash flows is on a reasonable 56% level. The weighted average cost of capital (WACC) we use in the cash flow model is 8.0%, with the cost of equity being higher at 9.2%.

### We do not find the compensation of Otava's bid attractive

Otava announced a mandatory bid for Alma Media in mid-June, as its holding rose to over 30%. The cash consideration offered by Otava is EUR 9.10, which is in line with the current share price. We do not consider the offered cash consideration attractive, considering the overall valuation picture presented above and the value of our cash-flow mode that reflects the long-term value creation potential. Considering the public comments made by Otava and the level of the bid compensation we do not believe Otava is seeking control in the company and assume it made the share purchases purely based on the valuation as financial investments.

Valuation	2023e	2024e	2025e
Share price	9.14	9.14	9.14
Number of shares, millions	82.2	82.2	82.2
Market cap	751	751	751
EV	882	863	842
P/E (adj.)	14.5	14.4	13.9
P/E	13.8	14.5	14.0
P/B	3.4	3.2	3.0
P/S	2.5	2.4	2.4
EV/Sales	2.9	2.8	2.7
EV/EBITDA	10.1	9.9	9.4
EV/EBIT (adj.)	12.6	12.2	11.5
Payout ratio (%)	69.3 %	76.3 %	75.0 %
Dividend yield-%	5.0 %	5.3 %	5.4 %

Source: Inderes

### Sensitivity of the cash flow model to changes in the required return



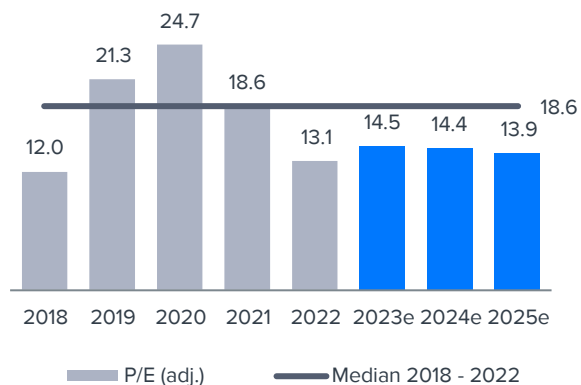
Source: Inderes

# Valuation table

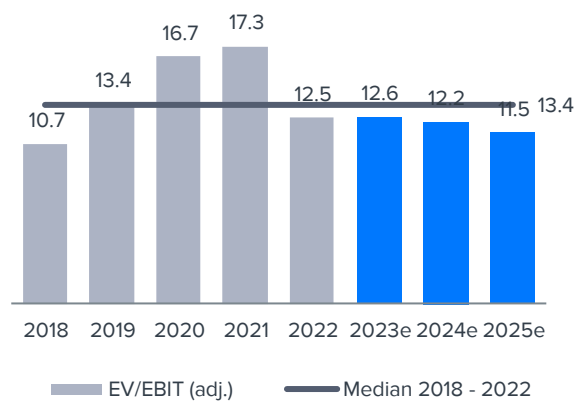
Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	5.54	7.96	8.92	10.8	9.40	9.14	9.14	9.14	9.14
Number of shares, millions	82.3	82.3	82.3	82.4	82.2	82.2	82.2	82.2	82.2
Market cap	456	655	734	891	773	751	751	751	751
EV	616	664	756	1059	920	882	863	842	818
P/E (adj.)	12.0	21.3	24.7	18.6	13.1	14.5	14.4	13.9	13.1
P/E	10.9	21.3	26.7	20.4	10.7	13.8	14.5	14.0	13.1
P/B	2.8	3.8	4.0	5.4	3.8	3.4	3.2	3.0	2.8
P/S	1.3	2.6	3.2	3.2	2.5	2.5	2.4	2.4	2.3
EV/Sales	1.7	2.7	3.3	3.8	3.0	2.9	2.8	2.7	2.5
EV/EBITDA	8.0	9.3	12.8	14.4	9.5	10.1	9.9	9.4	8.9
EV/EBIT (adj.)	10.7	13.4	16.7	17.3	12.5	12.6	12.2	11.5	10.8
Payout ratio (%)	69.0 %	106.8 %	89.9 %	66.1 %	50.0 %	69.3 %	76.3 %	75.0 %	70.0 %
Dividend yield-%	6.3 %	5.0 %	3.4 %	3.2 %	4.7 %	5.0 %	5.3 %	5.4 %	5.4 %

Source: Inderes

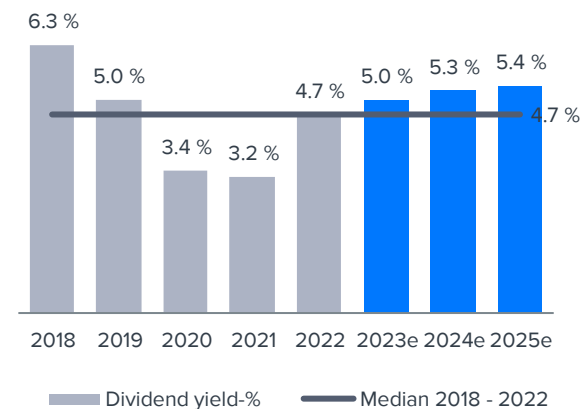
P/E (adj.)



EV/EBIT (adj.)



Dividend yield-%



# Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Alma Media	755	886	13.3	12.4	10.5	9.9	2.9	2.8	15.1	13.9	4.7	5.2	3.4
Agora SA	294		1.8	2.9	2.0	5.1							0.5
Future PLC	1098	1613	5.5	5.5	5.0	4.9	1.8	1.7	5.6	5.5	0.4	0.5	1.2
Gannett Co Inc	366	1297	13.5	13.3	5.1	5.5	0.5	0.6	20.0				0.6
Lagardere SA	2999	6834	14.1	13.0	9.3	8.2	0.9	0.8	11.1	10.0	6.1	5.9	2.6
Arnoldo Mondadori Editore SpA	571	806	8.8	8.6	5.6	5.5	0.9	0.9	8.8	8.8	5.2	5.4	2.0
New York Times Co	6218	5886	24.7	20.8	18.4	16.3	2.8	2.6	34.2	29.9	1.0	1.1	4.3
Rizzoli Corriere della Sera Mediagroup SpA	367	536	5.7	5.4	3.8	3.7	0.6	0.6	7.0	6.4	8.5	8.5	0.9
TX Group AG	1177	1248	11.4	8.8	6.6	5.5	1.2	1.2	11.9	10.4	5.8	3.1	0.4
Promotora de Informaciones SA	382	1077	12.9	10.2	6.8	5.9	1.2	1.1		10.2			
Vocento SA	87	182	13.8	10.4	5.5	4.9	0.5	0.5	17.5	11.1	6.2	3.3	0.4
Auto Trader Group PLC	6837	6897	19.6	17.6	18.5	16.8	12.0	10.9	25.2	23.2	1.3	1.4	10.6
Carsales.Com Ltd	5555	6232	28.9	22.9	24.4	19.4	13.4	10.6	32.5	28.9	2.4	2.7	3.0
Moneysupermarket.Com Group PLC	1705	1779	14.5	12.7	12.0	10.8	3.7	3.4	17.8	16.0	4.4	4.5	6.5
REA Group Ltd	11939	12096	37.1	30.2	31.2	26.0	16.8	14.7	52.8	42.5	1.1	1.3	13.5
Rightmove PLC	5140	5104	16.9	15.6	16.6	15.4	12.3	11.4	22.0	20.3	1.6	1.7	64.3
Schibsted ASA	3983	4618	45.0	28.4	21.7	17.5	3.3	3.1	53.6	30.6	1.1	1.2	1.6
Scout24 SE	4379	4485	19.4	16.7	16.1	14.3	9.0	8.0	25.7	22.4	1.8	2.0	3.2
Seek Ltd	5263	5995	22.3	21.1	17.8	16.9	7.9	7.8	34.1	31.9	1.9	2.1	3.2
Stroeer SE & Co KgaA	2389	4047	16.1	13.6	7.3	6.6	2.2	2.0	15.1	12.2	5.0	5.6	5.1
Adevinta ASA	7112	9201	22.7	17.2	14.3	11.9	5.1	4.5	27.2	21.0		0.1	0.9
<b>Alma Media (Inderes)</b>	<b>751</b>	<b>882</b>	<b>12.6</b>	<b>12.2</b>	<b>10.1</b>	<b>9.9</b>	<b>2.9</b>	<b>2.8</b>	<b>14.5</b>	<b>14.4</b>	<b>5.0</b>	<b>5.3</b>	<b>3.4</b>
<b>Average</b>		<b>4011</b>	<b>16.1</b>	<b>13.9</b>	<b>11.8</b>	<b>10.7</b>	<b>5.0</b>	<b>4.5</b>	<b>21.3</b>	<b>18.0</b>	<b>3.6</b>	<b>3.2</b>	<b>6.7</b>
<b>Median</b>		<b>4047</b>	<b>14.3</b>	<b>13.2</b>	<b>9.9</b>	<b>9.1</b>	<b>2.8</b>	<b>2.6</b>	<b>18.9</b>	<b>14.9</b>	<b>3.4</b>	<b>2.7</b>	<b>3.0</b>
<b>Diff-% to median</b>			<b>-12%</b>	<b>-7%</b>	<b>2%</b>	<b>9%</b>	<b>5%</b>	<b>8%</b>	<b>-23%</b>	<b>-4%</b>	<b>49%</b>	<b>96%</b>	<b>14%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	230	275	76.2	79.3	74.6	78.7	309	75.3	77.7	73.9	78.1	305	308	313	322
Alma Career	62.7	82.2	26.7	28.4	27.3	27.4	109.8	27.7	28.4	27.3	27.1	110	110.7	113	118
Alma Talent	95.1	99.7	25.2	24.1	22.2	25.0	96.5	23.9	23.4	21.7	24.8	93.8	94.1	94.8	95.6
Alma Consumer	69.8	94.5	24.8	27.1	25.5	26.7	104	24.2	26.3	25.2	26.6	102	104	106	109
Other and eliminations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NRIs	2.5	-0.9	-0.4	-0.4	-0.3	-0.5	-1.6	-0.5	-0.4	-0.4	-0.4	-1.7	-1.0	-1.0	-1.1
EBITDA	58.9	73.5	24.1	30.2	23.5	19.4	97.2	20.8	24.3	22.5	19.6	87.2	87.2	89.8	92.0
Depreciation	-15.8	-16.7	-4.3	-4.3	-4.3	-4.4	-17.2	-4.3	-4.5	-4.3	-4.3	-17.4	-17.3	-17.3	-16.5
EBIT (excl. NRI)	45.3	61.1	19.6	19.2	19.3	15.2	73.4	17.0	19.4	18.3	15.5	70.1	70.5	73.0	75.6
EBIT	43.1	56.8	19.8	25.9	19.3	15.0	80.0	16.5	19.9	18.2	15.3	69.9	70.0	72.5	75.6
Alma Career	20.6	30.0	12.3	11.8	10.0	8.4	42.5	11.0	12.3	10.4	8.3	42.0	41.8	43.5	45.3
Alma Talent	16.2	20.6	5.5	4.3	4.9	5.1	19.7	4.8	4.7	4.2	5.0	18.7	19.1	19.2	19.5
Alma Consumer	15.0	23.9	5.0	6.7	6.8	5.9	24.4	4.0	5.6	6.2	5.6	21.4	22.1	22.8	23.8
Other and eliminations	-6.5	-13.4	-3.2	-3.5	-2.4	-4.1	-13.2	-2.9	-3.3	-2.6	-3.4	-12.1	-12.5	-12.5	-12.5
NRIs	-2.3	-4.3	0.2	6.6	0.0	-0.3	6.6	-0.5	0.5	-0.1	-0.1	-0.3	-0.5	-0.5	-0.5
Net financial items	-1.0	-1.4	0.4	1.4	0.7	3.7	6.3	-1.9	2.9	-1.5	-1.5	-2.0	-4.0	-4.0	-2.2
PTP	42.2	56.3	20.0	27.5	20.3	19.0	86.9	14.6	22.8	16.8	14.0	68.2	66.3	68.9	73.7
Taxes	-9.0	-12.1	-4.0	-4.2	-4.0	-2.3	-14.5	-2.9	-4.1	-3.6	-3.0	-13.6	-14.2	-14.7	-15.8
Minority interest	-5.7	-0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.4	-0.4	-0.4
Net earnings	27.5	43.6	16.0	23.4	16.3	16.7	72.4	11.7	18.7	13.2	11.0	54.5	51.7	53.7	57.5
EPS (adj.)	0.36	0.58	0.19	0.12	0.20	0.21	0.72	0.15	0.18	0.16	0.14	0.63	0.64	0.66	0.70
EPS (rep.)	0.33	0.53	0.19	0.28	0.20	0.20	0.88	0.14	0.23	0.16	0.13	0.66	0.63	0.65	0.70
Key figures	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	-8.0 %	19.6 %	31.3 %	10.7 %	10.1 %	0.9 %	12.1 %	-1.3 %	-2.1 %	-0.9 %	-0.8 %	-1.3 %	0.9 %	1.8 %	2.7 %
Adjusted EBIT growth-%		34.8 %	77.1 %	15.9 %	8.0 %	-1.9 %	20.1 %	-13.2 %	0.6 %	-5.1 %	1.5 %	-4.4 %	0.5 %	3.6 %	3.5 %
EBITDA-%	25.6 %	26.7 %	31.6 %	38.0 %	31.5 %	24.6 %	31.5 %	27.7 %	31.3 %	30.4 %	25.2 %	28.6 %	28.3 %	28.7 %	28.6 %
Adjusted EBIT-%	19.7 %	22.2 %	25.7 %	24.3 %	25.8 %	19.4 %	23.8 %	22.6 %	24.9 %	24.7 %	19.8 %	23.0 %	22.9 %	23.3 %	23.5 %
Net earnings-%	11.9 %	15.8 %	21.0 %	29.5 %	21.8 %	21.2 %	23.4 %	15.6 %	24.0 %	17.9 %	14.1 %	17.9 %	16.8 %	17.2 %	17.9 %

Source: Inderes

# Balance sheet

Assets	2021	2022	2023e	2024e	2025e
<b>Non-current assets</b>	<b>432</b>	<b>429</b>	<b>426</b>	<b>422</b>	<b>419</b>
Goodwill	295	294	294	294	294
Intangible assets	91	87	86	84	81
Tangible assets	35	34	32	31	30
Associated companies	7.7	4.2	4.2	4.2	4.2
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	3.6	8.8	8.8	8.8	8.8
Deferred tax assets	0.7	0.6	0.6	0.6	0.6
<b>Current assets</b>	<b>86.1</b>	<b>66.2</b>	<b>66.3</b>	<b>66.9</b>	<b>68.1</b>
Inventories	0.7	0.7	0.6	0.6	0.6
Other current assets	2.0	0.1	0.1	0.1	0.1
Receivables	32	35	35	35	36
Cash and equivalents	52	30	30	31	31
<b>Balance sheet total</b>	<b>518</b>	<b>495</b>	<b>492</b>	<b>489</b>	<b>487</b>

Source: Inderes

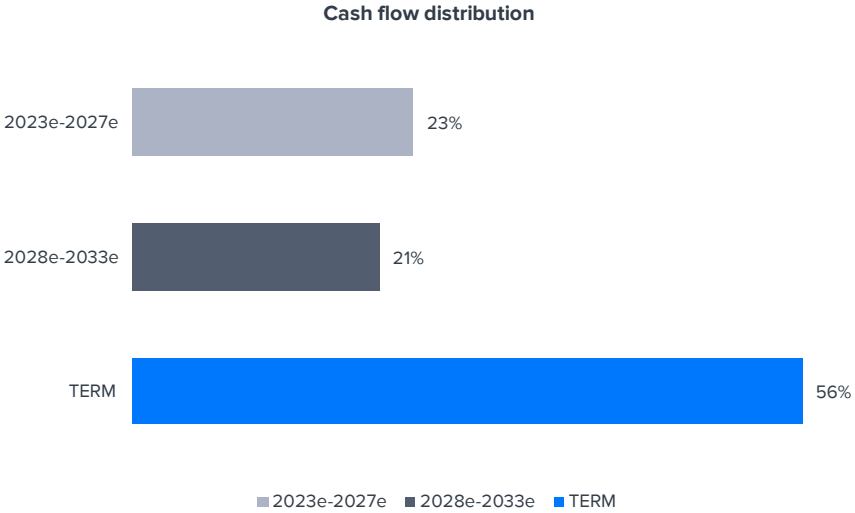
Liabilities & equity	2021	2022	2023e	2024e	2025e
<b>Equity</b>	<b>167</b>	<b>206</b>	<b>224</b>	<b>238</b>	<b>252</b>
Share capital	45	45	45	45	45
Retained earnings	91.2	132	150	164	178
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	7.7	7.7	7.7	7.7	7.7
Other equity	19	20	20	20	20
Minorities	3	2	2	2	2
<b>Non-current liabilities</b>	<b>263</b>	<b>191</b>	<b>178</b>	<b>159</b>	<b>138</b>
Deferred tax liabilities	19	17	17	17	17
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	227	164	151	131	111
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	17.1	10.2	10.2	10.2	10.2
<b>Current liabilities</b>	<b>89</b>	<b>98</b>	<b>89</b>	<b>92</b>	<b>96</b>
Short term debt	8	10	11	11	11
Payables	76	81	72	74	78
Other current liabilities	5.3	7	7.0	7.0	7.0
<b>Balance sheet total</b>	<b>518</b>	<b>495</b>	<b>492</b>	<b>489</b>	<b>487</b>

# DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	12.1 %	-1.3 %	0.9 %	1.8 %	2.7 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %
EBIT-%	25.9 %	22.9 %	22.7 %	23.2 %	23.5 %	23.0 %	23.0 %	23.5 %	23.5 %	23.5 %	23.5 %	23.5 %	23.5 %
<b>EBIT (operating profit)</b>	<b>80.0</b>	<b>69.9</b>	<b>70.0</b>	<b>72.5</b>	<b>75.6</b>	<b>75.8</b>	<b>77.7</b>	<b>81.4</b>	<b>83.5</b>	<b>85.5</b>	<b>87.7</b>	<b>89.9</b>	
+ Depreciation	17.2	17.4	17.3	17.3	16.5	16.2	15.3	14.5	14.4	14.4	14.5	14.5	
- Paid taxes	-16.2	-13.6	-14.2	-14.7	-15.8	-15.9	-16.4	-17.2	-17.6	-18.1	-18.5	-19.0	
- Tax, financial expenses	1.1	-0.4	-0.9	-0.9	-0.5	-0.4	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	
+ 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	0.0	
- Change in working capital	5.0	-9.2	1.9	3.8	4.3	1.2	1.2	1.2	1.2	1.3	1.3	1.3	
<b>Operating cash flow</b>	<b>87.0</b>	<b>64.0</b>	<b>74.1</b>	<b>78.0</b>	<b>80.1</b>	<b>76.9</b>	<b>77.5</b>	<b>79.6</b>	<b>81.2</b>	<b>82.9</b>	<b>84.6</b>	<b>86.3</b>	
+ Change in other long-term liabilities	-6.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-17	-14	-14.0	-14.0	-14.0	-14.5	-14.5	-14.5	-14.5	-14.5	-14.5	-14.1	
<b>Free operating cash flow</b>	<b>63</b>	<b>50</b>	<b>60.1</b>	<b>64.0</b>	<b>66.1</b>	<b>62.4</b>	<b>63.0</b>	<b>65.1</b>	<b>66.7</b>	<b>68.4</b>	<b>70.1</b>	<b>72.3</b>	
+/- Other	10.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	73	50	60.1	64.0	66.1	62.4	63.0	65.1	66.7	68.4	70.1	72.3	1337
<b>Discounted FCFF</b>		<b>48</b>	<b>53.7</b>	<b>53.0</b>	<b>50.6</b>	<b>44.2</b>	<b>41.3</b>	<b>39.5</b>	<b>37.5</b>	<b>35.5</b>	<b>33.7</b>	<b>32.2</b>	<b>596</b>
Sum of FCFF present value		1065	1017	964	911	860	816	774	735	697	662	628	596
<b>Enterprise value DCF</b>		<b>1065</b>											
- Interest bearing debt		-174											
+ Cash and cash equivalents		30											
-Minorities		-4											
-Dividend/capital return		-36											
<b>Equity value DCF</b>		<b>886</b>											
<b>Equity value DCF per share</b>		<b>10.8</b>											

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.5 %
Equity Beta	1.4
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>9.2 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.0 %</b>

Source: Inderes



# Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	230	275	309	305	308	EPS (reported)	0.33	0.53	0.88	0.66	0.63
EBITDA	58.9	73.5	97.2	87.2	87.2	EPS (adj.)	0.36	0.58	0.72	0.63	0.64
EBIT	43.1	56.8	80.0	69.9	70.0	OCF / share	0.71	1.00	1.06	0.78	0.90
PTP	42.2	56.3	86.9	68.2	66.3	FCF / share	1.32	-1.28	0.89	0.61	0.73
Net Income	95.5	43.6	72.4	54.5	51.7	Book value / share	2.23	1.99	2.49	2.71	2.88
Extraordinary items	-2.2	-4.3	6.6	-0.3	-0.5	Dividend / share	0.30	0.35	0.44	0.46	0.48
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	333.9	518.4	495.2	491.9	489.3	Revenue growth-%	-8%	20%	12%	-1%	1%
Equity capital	204.5	166.5	205.9	224.3	238.2	EBITDA growth-%	-18%	25%	32%	-10%	0%
Goodwill	150.7	294.5	294.4	294.4	294.4	EBIT (adj.) growth-%	-8%	35%	20%	-4%	1%
Net debt	-6.3	182.7	143.7	131.2	112.2	EPS (adj.) growth-%	-3%	61%	24%	-12%	1%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	25.6 %	26.7 %	31.5 %	28.6 %	28.3 %
EBITDA	58.9	73.5	97.2	87.2	87.2	EBIT (adj.)-%	19.7 %	22.2 %	23.8 %	23.0 %	22.9 %
Change in working capital	8.5	14.0	5.0	-9.2	1.9	EBIT-%	18.7 %	20.6 %	25.9 %	22.9 %	22.7 %
Operating cash flow	58.7	82.1	87.0	64.0	74.1	ROE-%	15.4 %	25.1 %	39.3 %	25.5 %	22.5 %
CAPEX	-30.8	-190.3	-17.5	-14.0	-14.0	ROI-%	17.4 %	17.8 %	20.6 %	18.3 %	18.3 %
Free cash flow	109.0	-105.4	73.1	50.0	60.1	Equity ratio	63.7 %	34.7 %	45.8 %	50.3 %	53.9 %
						Gearing	-3.1 %	109.7 %	69.8 %	58.5 %	47.1 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	3.3	3.8	3.0	2.9	2.8						
EV/EBITDA (adj.)	12.8	14.4	9.5	10.1	9.9						
EV/EBIT (adj.)	16.7	17.3	12.5	12.6	12.2						
P/E (adj.)	24.7	18.6	13.1	14.5	14.4						
P/B	4.0	5.4	3.8	3.4	3.2						
Dividend-%	3.4 %	3.2 %	4.7 %	5.0 %	5.3 %						

Source: Inderes



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Buy The 12-month risk-adjusted expected shareholder return of the share is very attractive

Accumulate The 12-month risk-adjusted expected shareholder return of the share is attractive

Reduce The 12-month risk-adjusted expected shareholder return of the share is weak

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

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## Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2/16/2020	Reduce	8.80 €	8.70 €
3/12/2020	Reduce	6.80 €	6.54 €
3/26/2020	Reduce	6.50 €	6.50 €
6/12/2020	Accumulate	8.00 €	7.10 €
7/20/2020	Accumulate	8.00 €	7.06 €
10/23/2020	Accumulate	8.50 €	7.84 €
1/13/2021	Reduce	9.50 €	9.54 €
2/18/2021	Reduce	9.00 €	9.14 €
3/8/2021	Accumulate	10.00 €	9.50 €
4/13/2021	Accumulate	10.00 €	9.22 €
4/22/2021	Accumulate	11.00 €	10.46 €
5/28/2021	Accumulate	10.50 €	9.80 €
7/19/2021	Accumulate	12.50 €	11.80 €
7/22/2021	Reduce	12.00 €	11.60 €
9/17/2021	Reduce	11.50 €	10.90 €
10/22/2021	Reduce	12.00 €	12.48 €
2/17/2022	Accumulate	11.00 €	10.00 €
3/14/2022	Reduce	11.00 €	10.60 €
4/25/2022	Accumulate	11.00 €	9.58 €
6/13/2022	Reduce	11.00 €	10.50 €
7/21/2022	Reduce	11.00 €	10.30 €
10/21/2022	Accumulate	10.50 €	9.10 €
2/17/2023	Accumulate	10.50 €	9.63 €
4/24/2023	Accumulate	10.50 €	9.04 €
6/10/2023	Accumulate	10.00 €	8.92 €
7/20/2023	Accumulate	10.00 €	9.14 €



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2014, 2015, 2016, 2018, 2019, 2020



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