

Kempower

Company report

2/14/2024



Pauli Lohi
+35845 134 7790
pauli.lohi@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report “Kasvun tavoittelussa ei himmailla” published on 2/14/2024 at 9:30 pm EET.

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Stakes in the pursuit of growth

High growth investments weighed on Q4 results more than we had forecast and forced us to lower our profitability assumptions, which turned out to be too optimistic. If the company meets its new guidance, revenue growth would continue to be strong in the coming years. We believe the company's competitiveness remains strong and the valuation is attractive, so we reiterate our Buy recommendation and lower our target price to EUR 32 (was EUR 41).

Excessive expectations came back to bite in Q4

Kempower's revenue in Q4 was 82.8 MEUR, an increase of a whopping 119% year-on-year. Revenue still missed our and consensus forecasts by 14-15%. Order intake grew by 8% year-on-year, which was also 14% below expectations. The company attributed the slowdown in order growth to, e.g., high customer inventory levels, grid infrastructure bottlenecks, and Kempower's transition to a new product portfolio, which shifts customer orders over time. EBIT for Q4 was 5.5 MEUR (Inderes forecast: 18.1 MEUR, consensus: 10.6 MEUR). EBIT would have been in line with the consensus forecast without the provisions of around 5 MEUR made by the company in Q4 related to warranty provisions and receivables. In addition, we had underestimated the increase in fixed costs related to growth investments in our forecasts. Gross margin continued its upward trend (53.1%) and exceeded our forecast (50.8%). Kempower's net cash at the end of 2023 was 75 MEUR (2022: 58 MEUR).

Guidance sees 2024 growth focused on the end of the year

Kempower's 2024 revenue guidance of 360-410 MEUR (excluding significant currency movements, growth of 27-45%) is broadly in line with our previous assumptions. However, the lower-than-expected order intake in Q4 and the company's guidance of low revenue for Q1 (Q1 revenue: 51-56 MEUR, same reasons as for the Q4 order intake) slightly increase the guidance risk. The guidance for the 2024 operating margin is 5-10% (2023: 14.3%), which we see as a rather moderate guidance, leaving ample room for growth investments. Our revenue forecast for 2024 (380 MEUR) is slightly below the mid-point of the guidance range and our EBIT margin forecasts are at the upper end of the guidance range (8.7%). Meeting the guidance would mean booming growth in the latter part of 2024, which could mean strong growth continuing into 2025. Therefore, meeting the guidance could be a positive driver for the stock. We significantly lowered our EBIT forecasts for the coming years (2024-25e: -48% and -33%), as the faster-than-expected growth in fixed costs will delay the scaling of profitability.

Competitiveness remains strong and value creation potential high

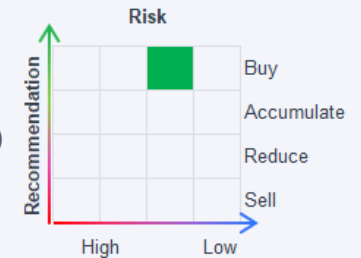
Despite the profitability disappointment, Kempower's competitiveness still appears very strong and even a modest increase in order intake could mean that the company could gain market share at a time when some of its competitors have seen a sharp decline in orders. We expect the electrification of transport to move in waves, moving from a strong period in 2021-23 to a period of slower growth, at least temporarily in Europe. With our 2025 estimates (2024-25e revenue CAGR: 31%, EBIT margin 12.6%), EV/EBIT would already fall to 19x, which we believe is a reasonable valuation level for a company among the best in the fast-growing industry. Scaling up profitability to 15% would further reduce the valuation to 12x and 9x in 2026-27e, which can already be considered very favorable. With market growth returning to its long-term trend over the next few years, the current more difficult industry cycle could prove to be a very good buying opportunity.

Recommendation

Buy
(previous Buy)

EUR 32.00
(previous EUR 41.00)

Share price:
22.72



Key figures

| | 2023 | 2024e | 2025e | 2026e |
|-------------------------|--------|-------|--------|--------|
| Revenue | 283.6 | 380.0 | 490.2 | 607.9 |
| growth-% | 174% | 34% | 29% | 24% |
| EBIT adj. | 40.7 | 33.1 | 61.6 | 91.2 |
| EBIT-% adj. | 14.4 % | 8.7 % | 12.6 % | 15.0 % |
| Net Income | 33.8 | 27.4 | 49.6 | 72.7 |
| EPS (adj.) | 0.61 | 0.50 | 0.90 | 1.32 |
| P/E (adj.) | 46.9 | 45.8 | 25.3 | 17.3 |
| P/B | 11.9 | 7.8 | 6.0 | 4.4 |
| Dividend yield-% | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| EV/EBIT (adj.) | 37.2 | 35.6 | 18.6 | 11.9 |
| EV/EBITDA | 32.1 | 26.0 | 15.2 | 10.2 |
| EV/S | 5.3 | 3.1 | 2.3 | 1.8 |

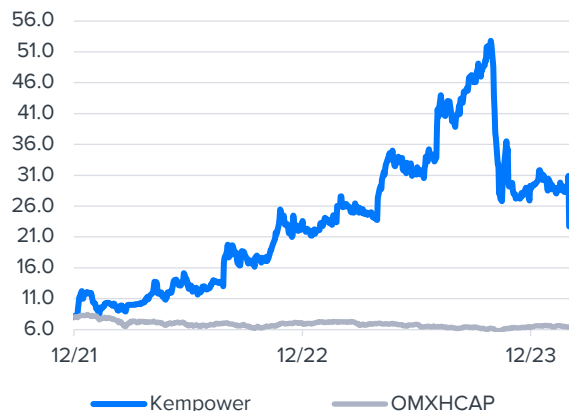
Source: Inderes

Guidance

(New guidance)

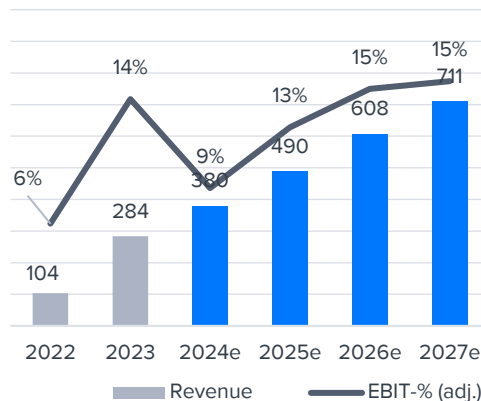
2024 revenue; 360-410 MEUR, assuming no major impact of foreign currency exchange rates. 2023 operative EBIT; positive operative EBIT margin, % between 5% to 10 %.

Share price



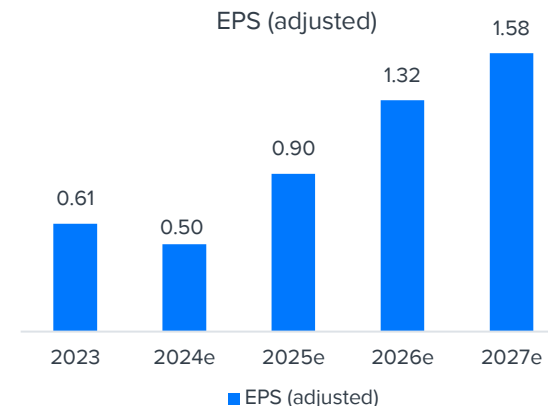
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Electrification of transport creates a huge need for efficient and versatile charging capacity
- Products are highly competitive and it can take a long time for competitors to develop similar features
- Growing the distribution channel allows the company to become one of the big global manufacturers
- Higher gross margins than for competitors



Risk factors

- Rapidly growing the organization slows profitability development in the short term
- Uncertainty about long-term profitability levels in the industry
- Changes in technological competitiveness could threaten growth and pricing
- Slowdown in demand growth and narrowing technological gaps are likely trends in the long term
- A high valuation based on long-term earnings growth carries significant risk

| Valuation | 2024e | 2025e | 2026e |
|----------------------------|-------|-------|-------|
| Share price | 22.7 | 22.7 | 22.7 |
| Number of shares, millions | 55.3 | 55.3 | 55.3 |
| Market cap | 1256 | 1256 | 1256 |
| EV | 1179 | 1144 | 1085 |
| P/E (adj.) | 45.8 | 25.3 | 17.3 |
| P/E | 45.8 | 25.3 | 17.3 |
| P/B | 7.8 | 6.0 | 4.4 |
| P/S | 3.3 | 2.6 | 2.1 |
| EV/Sales | 3.1 | 2.3 | 1.8 |
| EV/EBITDA | 26.0 | 15.2 | 10.2 |
| EV/EBIT (adj.) | 35.6 | 18.6 | 11.9 |
| Payout ratio (%) | 0.0 % | 0.0 % | 0.0 % |
| Dividend yield-% | 0.0 % | 0.0 % | 0.0 % |

Source: Inderes

Growth measures weighed on the result more than expected

Growth was strong, but missed forecasts

- Kempower's revenue in Q4 was 82.8 MEUR, an increase of 119% year-on-year. However, revenue was 14-15% below our and consensus forecasts.
- Order intake in Q4 was 66.7 MEUR (up 8%), also 14% below our forecast. According to the company, the order intake is affected by increased customer inventory levels, bottlenecks in installation caused by the grid infrastructure and shorter delivery times from charging equipment manufacturers, which allow customers to make decisions closer to the actual need for installation.
- Although order intake missed forecasts, the performance was significantly stronger than for example ABB's e-Mobility unit (down 51% y/y in Q4), so we believe it is likely that Kempower will continue to gain market share even at the current growth rate.
- The order book at the end of 2023 was 110.6 MEUR (2022: 118.9 MEUR).

Earnings well below our forecasts, partly due to one-off provisions

- Kempower's Q4 EBIT was 5.5 MEUR (Inderes forecast: 18.1 MEUR, consensus: 10.6 MEUR). EBIT would have been in line with the consensus forecast without the provisions of around 5 MEUR made by the company in Q4 related to warranty provisions and receivables.
- Gross margin continued to improve and reached 53.1% (we forecast 50.8%).
- Fixed costs grew much faster than we estimated, which together with lower-than-expected revenue explains the disappointing result.
- EPS landed at EUR 0.10. The board proposes that no dividend be paid for 2023.
- Cash flow from operating activities in Q4 was 0.7 MEUR and investments 2.9 MEUR.
- The net cash position at the end of 2023 was 74.6 MEUR (2022: 58.4 MEUR).

| Estimates MEUR / EUR | Q4'22 | Q4'23 | Q4'23e | Q4'23e | Consensus | | Difference (%) | 2023e |
|-------------------------|------------|------------|---------|-----------|-----------|-------|------------------|---------|
| | Comparison | Actualized | Inderes | Consensus | Low | High | Act. vs. Inderes | Inderes |
| Revenue | 37.8 | 82.8 | 96.0 | 97.2 | 94.2 | 101 | -14% | 284 |
| Order intake | 61.7 | 66.7 | 66.7 | 77.2 | 55.0 | 88.4 | 0% | 275 |
| Gross margin | 46.8 % | 53.1% | 53.1 % | 50.1 % | 42% | 58% | +2.3 pp | 52.1 % |
| EBIT (adj.) | 3.5 | 5.5 | 18.1 | 10.6 | -3.9 | -19.3 | -70% | 40.7 |
| EBIT | 2.9 | 5.5 | 18.1 | 10.9 | -3.9 | -19.3 | -70% | 40.6 |
| EPS (reported) | 0.05 | 0.10 | 0.28 | 0.15 | -0.1 | 0.3 | -64% | |
| Revenue growth-% | 352.0 % | 119.0% | 154.0 % | 157.1 % | 149% | 166% | -35 pp | 173.7 % |
| EBIT-% (adj.) | 9.3 % | 6.6% | 18.9 % | 10.9 % | | | -12.2 pp | 14.4 % |

Source: Inderes & Vara (consensus: 8 analysts)

Kempower Q4'23: Hiccup in growth



Profitability scaling up slower than expected

Profitability assumptions lowered in our forecasts

- Kempower's revenue guidance for 2024 is 360-410 MEUR (27-45% growth), assuming that exchange rate fluctuations will not have a significant impact on the development.
- The guidance for EBIT margin is 5-10%.
- Kempower expects Q1 revenue to be in the range of 51-56 MEUR and EBIT to be significantly below the comparison period (Q1'23: 6.8 MEUR). The quarter is suffering from temporary factors such as high customer inventory levels and Kempower's transition to selling a new generation product portfolio.
- Kempower's new generation product portfolio (based on silicon carbide components) will enter production in spring 2024. Revenue suffers during the transition period as customers want to buy new, better products and are willing to wait to place orders.
- The guidance thus assumes accelerating growth after Q1. Our forecast for 2024 revenue is 380 MEUR (an increase of 34%). The growth assumption for Q1 is -4% (53.5 MEUR) and the average growth assumption for the rest of the year is 43%.
- We lowered our revenue forecasts by 4% for 2024-25 due to lower-than-expected order intake.
- We significantly increased our fixed cost forecasts, which resulted in a significant reduction in our profitability forecasts (2024e: -48%, 2025e: -33%). As a result, we forecast profitability levels for 2024-25 to be below the profitability level of 2023, despite the growth in revenue. We lowered the profitability assumption (EBIT-%) for the terminal period to 15% (previously 20%).

| Estimate revisions | 2023e | | Change | 2024e | | Change | 2025e | | Change |
|--------------------|-------|------|--------|-------|------|--------|-------|------|--------|
| | Old | New | | Old | New | | Old | New | |
| MEUR / EUR | | | % | | | % | | | % |
| Revenue | 297 | 284 | -4% | 395 | 380 | -4% | 505 | 490 | -3% |
| EBITDA | 59.3 | 47.1 | -21% | 74.7 | 45.3 | -39% | 104 | 75.3 | -28% |
| EBIT (exc. NRIs) | 53.3 | 40.7 | -24% | 63.3 | 33.1 | -48% | 91.2 | 61.6 | -33% |
| EBIT | 53.2 | 40.6 | -24% | 63.3 | 33.1 | -48% | 91.2 | 61.6 | -33% |
| PTP | 53.9 | 43.1 | -20% | 63.3 | 35.1 | -44% | 91.2 | 63.6 | -30% |
| EPS (excl. NRIs) | 0.79 | 0.61 | -22% | 0.89 | 0.50 | -44% | 1.28 | 0.90 | -30% |
| DPS | 0.00 | 0.00 | | 0.00 | 0.00 | | 0.00 | 0.00 | |

Source: Inderes

Watch the Q4 earnings call below



Value creation capacity still intact

Investment profile

Kempower's valuation is high and relies on long-term earnings growth expectations. We believe there are good reasons for these high expectations, as the company's global competitiveness is strong thanks to its high technological competence and growing size, and market demand is expected to develop very favorably for a long time (market size 2023: 2 BNEUR, the company estimates 2030e: 14 BNEUR). The company has already managed to deliver very high profitability levels and return on capital ratios in 2023, but strong additional growth investments will weigh on profitability in the coming years. The electrification of transport is not linear, which means that investment in charging infrastructure can also fluctuate, increasing the risk associated with the estimates for the coming years. Although Kempower is currently one of the most advanced and profitable companies in the industry, it is difficult to forecast changes in the technological environment, which in turn increases uncertainty about long-term market share and profitability.

Earnings-based valuation would become reasonable in 2025

Looking at earnings-based valuation multiples, Kempower's valuation cannot be justified with 2023-24 figures so sights must be set further. With our forecasts for 2025 (2024-25 CAGR: 31%, EBIT margin 12.6%), EV/EBIT would already fall to 19x, which we believe is a reasonable valuation level for a company among the best in the fast-growing industry. With continued growth and further scaling of profitability, EV/EBIT would fall to very favorable levels of 12x and 9x in 2026-27e (EBIT margin assumption: 15.0-15.5%).

Kempower is more competitive than most of its peers

Valuation multiples for companies developing EV charging solutions have generally been on a downward trend in recent times. This has been affected not only by the general stock market downturn, but also by the profitability challenges faced by several DC charger manufacturers (e.g. Tritium and ABB e-mobility). We estimate that Kempower is clearly more competitive than most of its listed peers, with the exception of Tesla (EV/EBIT 2025e: 50x). Tesla's value creation potential is likely to be higher than Kempower's due to its larger target market and dominant market position. However, Kempower is still a relatively small company in its industry and has the potential to grow much faster than Tesla in the coming years if Kempower reaches its 2024 bullish growth guidance.

Buy recommendation reiterated

We continue to see Kempower's competitiveness as high and its earnings growth potential as very high. In addition to the challenging economic climate, the recent earnings disappointments are partly due to the over-expectations of the market and also of analysts (including us). Investing in growth and competitiveness could pay for itself many times over in the long term. We lower the target price to EUR 32 (EV/EBIT 2027: 14x). Our DCF model values the share at EUR 34 under cut profitability assumptions (terminal EBIT-%: 15%) and 8.2% WACC, thus supporting our recommendation and target price. We believe the stock will react positively if the company's revenue guidance for 2024 is met and negatively if the guidance has to be lowered.

| Valuation | 2024e | 2025e | 2026e |
|----------------------------|-------|-------|-------|
| Share price | 22.7 | 22.7 | 22.7 |
| Number of shares, millions | 55.3 | 55.3 | 55.3 |
| Market cap | 1256 | 1256 | 1256 |
| EV | 1179 | 1144 | 1085 |
| P/E (adj.) | 45.8 | 25.3 | 17.3 |
| P/E | 45.8 | 25.3 | 17.3 |
| P/B | 7.8 | 6.0 | 4.4 |
| P/S | 3.3 | 2.6 | 2.1 |
| EV/Sales | 3.1 | 2.3 | 1.8 |
| EV/EBITDA | 26.0 | 15.2 | 10.2 |
| EV/EBIT (adj.) | 35.6 | 18.6 | 11.9 |
| Payout ratio (%) | 0.0 % | 0.0 % | 0.0 % |
| Dividend yield-% | 0.0 % | 0.0 % | 0.0 % |

Source: Inderes

Detailed estimates

| MEUR | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | Terminal period |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|-----------------|
| Order intake | | | 7 | 37 | 209 | 275 | 394 | 512 | | | | | | |
| - growth % | | | | 427% | 459% | 32% | 43% | 30% | | | | | | |
| Order book | | | 4 | 14 | 119 | 111 | 124 | 146 | | | | | | |
| | | | | 261% | 768% | -7% | 12% | 17% | | | | | | |
| Revenue | 0 | 0 | 3 | 27 | 104 | 284 | 380 | 490 | 608 | 711 | 818 | 900 | 990 | |
| - growth % | | 68% | 909% | 730% | 278% | 174% | 34% | 29% | 24% | 17% | 15% | 10% | 10% | 3% |
| Revenue by geography | | | | | | | | | | | | | | |
| The Nordics | 0 | 0 | 2 | 23 | 58 | 114 | 124 | 132 | 143 | 156 | | | | |
| - growth % | | | | | 150% | 97% | 8% | 7% | 8% | 10% | | | | |
| Rest of Europe | 0 | 0 | 1 | 4 | 41 | 144 | 186 | 226 | 264 | 306 | | | | |
| - growth % | | | | | 893% | 254% | 29% | 21% | 17% | 16% | | | | |
| North America | 0 | 0 | 0 | 0 | 2 | 11 | 49 | 100 | 155 | 192 | | | | |
| - growth % | | | | | | | 330% | 105% | 55% | 24% | | | | |
| Rest of the world | 0 | 0 | 0 | 0 | 4 | 14 | 22 | 33 | 46 | 57 | | | | |
| - growth % | | | | | | | 55% | 50% | 40% | 25% | | | | |
| Material and service costs | 0.0 | -0.1 | -1.5 | -13.6 | -52.4 | -129.4 | -172.6 | -226.0 | -283.3 | -335.0 | -389.4 | -432.8 | | |
| Personnel costs | -0.3 | -1.1 | -2.2 | -7.5 | -21.9 | -48.9 | -83.6 | -102.0 | -119.1 | -135.8 | -150.5 | -159.2 | | |
| Other costs | -0.4 | -1.3 | -1.8 | -5.9 | -19.9 | -58.3 | -78.5 | -86.9 | -99.0 | -112.5 | -125.5 | -133.7 | | |
| EBITDA | -0.6 | -2.2 | -2.1 | 0.5 | 9.5 | 47.1 | 45.3 | 75.3 | 106.4 | 127.8 | 152.5 | 174.0 | 192.2 | |
| - % of revenue | | | | 1.8% | 9.2% | 16.6% | 11.9% | 15.4% | 17.5% | 18.0% | 18.7% | 19.3% | 19.4% | |
| Depreciation | 0.0 | 0.0 | -0.1 | -1.1 | -3.4 | -6.5 | -12.2 | -13.7 | -15.2 | -17.8 | -19.6 | -21.6 | -22.8 | |
| EBIT | -0.6 | -2.2 | -2.2 | -0.7 | 6.1 | 40.6 | 33.1 | 61.6 | 91.2 | 110.1 | 132.9 | 152.4 | 169.5 | |
| - % of revenue | | | | -2.6% | 5.9% | 14.3% | 8.7% | 12.6% | 15.0% | 15.5% | 16.3% | 16.9% | 17.1% | 15.0% |
| Financial expenses | | | | -0.2 | -1.3 | 2.5 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | |
| Taxes | | | | 1.1 | -1.2 | -9.3 | -7.7 | -14.0 | -20.5 | -24.7 | -29.7 | -34.0 | -37.7 | |
| - Tax rate % | | | | 122% | 25% | 22% | 22% | 22% | 22% | 22% | 22% | 22% | 22% | 22% |
| Net profit | | | | 0.3 | 3.6 | 33.7 | 27.4 | 49.6 | 72.7 | 87.4 | 105.2 | 120.4 | 133.7 | |
| EPS (EUR) | | | | 0.01 | 0.07 | 0.61 | 0.50 | 0.90 | 1.32 | 1.58 | 1.90 | 2.18 | 2.42 | |
| Investments (incl. capitalization of leasing contracts) | | | 0 | 4 | 23 | 23 | 25 | 22 | 23 | 24 | 25 | 26 | 26 | |
| Net working capital | | | 3 | 4 | 21 | 18 | 30 | 36 | 42 | 46 | 49 | 49 | 54 | |
| Cash and cash equivalents | | | 1 | 90 | 74 | 100 | 110 | 180 | 266 | 297 | 345 | 461 | 586 | |
| Headcount (at the end of year) | 5 | 17 | 38 | 136 | 375 | 737 | 850 | | | | | | | |

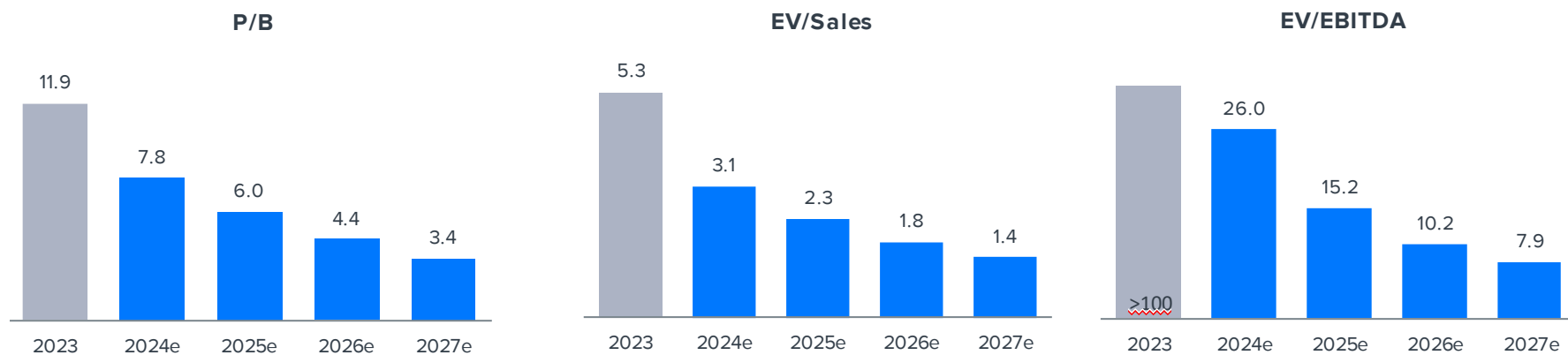
Source: Inderes

The data are presented in accordance with FAS 2018-20 and IFRS from 2021 onwards.

Valuation table

| Valuation | 2023 | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Share price | 28.7 | 22.7 | 22.7 | 22.7 | 22.7 | 22.7 | 22.7 | 22.7 | 22.7 |
| Number of shares, millions | 55.3 | 55.3 | 55.3 | 55.3 | 55.3 | 55.3 | 55.3 | 55.3 | 55.3 |
| Market cap | 1588 | 1256 | 1256 | 1256 | 1256 | 1256 | 1256 | 1256 | 1256 |
| EV | 1513 | 1179 | 1144 | 1085 | 1008 | 913 | 798 | 675 | 540 |
| P/E (adj.) | 46.9 | 45.8 | 25.3 | 17.3 | 14.4 | 11.9 | 10.4 | 9.4 | 8.6 |
| P/E | 47.0 | 45.8 | 25.3 | 17.3 | 14.4 | 11.9 | 10.4 | 9.4 | 8.6 |
| P/B | 11.9 | 7.8 | 6.0 | 4.4 | 3.4 | 2.6 | 2.1 | 1.7 | 1.4 |
| P/S | 5.6 | 3.3 | 2.6 | 2.1 | 1.8 | 1.5 | 1.4 | 1.3 | 1.2 |
| EV/Sales | 5.3 | 3.1 | 2.3 | 1.8 | 1.4 | 1.1 | 0.9 | 0.7 | 0.5 |
| EV/EBITDA | 32.1 | 26.0 | 15.2 | 10.2 | 7.9 | 6.0 | 4.6 | 3.5 | 2.6 |
| EV/EBIT (adj.) | 37.2 | 35.6 | 18.6 | 11.9 | 9.2 | 6.9 | 5.2 | 4.0 | 2.9 |
| 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



Peer group valuation

| Peer group valuation | Market cap | EV | EV/EBIT | | EV/EBITDA | | EV/S | | P/E | | Dividend yield-% | | P/B |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|------------|-------------|-------------|------------------|------------|------------|
| Company | MEUR | MEUR | 2024e | 2025e | 2024e | 2025e | 2024e | 2025e | 2024e | 2025e | 2024e | 2025e | 2024e |
| Tritium | 24 | 178 | | | | | 1.1 | 0.5 | | | | | |
| Tesla | 546826 | 524936 | 54.2 | 50.4 | 35.6 | 33.1 | 5.8 | 5.1 | 58.4 | 59.7 | | | 11.2 |
| Wallbox | 259 | 354 | | | | 54.5 | 2.3 | 1.2 | | | | | 4.2 |
| Zaptec | 170 | 157 | 18.7 | 9.7 | 14.6 | 8.3 | 1.3 | 1.0 | 26.7 | 13.7 | | | 2.7 |
| Alfen | 1246 | 1325 | 32.2 | 21.6 | 25.1 | 16.6 | 2.7 | 2.1 | 40.5 | 30.2 | | | 6.9 |
| Kempower (Inderes) | 1256 | 1179 | 35.6 | 18.6 | 26.0 | 15.2 | 3.1 | 2.3 | 45.8 | 25.3 | 0.0 | 0.0 | 7.8 |
| Average | | | 35.0 | 27.2 | 25.1 | 28.1 | 2.6 | 2.0 | 41.9 | 34.5 | | | 6.2 |
| Median | | | 32.2 | 21.6 | 25.1 | 24.8 | 2.3 | 1.2 | 40.5 | 30.2 | | | 5.5 |
| Diff-% to median | | | 10% | -14% | 4% | -39% | 37% | 98% | 13% | -16% | | | 42% |

Source: Refinitiv / Inderes

Income statement

| Income statement | 2021 | 2022 | Q1'23 | Q2'23 | Q3'23 | Q4'23 | 2023 | Q1'24e | Q2'24e | Q3'24e | Q4'24e | 2024e | 2025e | 2026e | 2027e |
|---------------------|------|------|-------|-------|-------|-------|------|--------|--------|--------|--------|-------|-------|-------|-------|
| Revenue | 27.4 | 104 | 55.8 | 72.5 | 72.6 | 82.8 | 284 | 53.5 | 97.8 | 113 | 116 | 380 | 490 | 608 | 711 |
| EBITDA | 0.5 | 9.5 | 7.9 | 15.4 | 16.0 | 7.8 | 47.1 | -4.1 | 15.4 | 19.1 | 14.9 | 45.3 | 75.3 | 106 | 128 |
| Depreciation | -1.1 | -3.4 | -1.1 | -1.5 | -1.7 | -2.3 | -6.5 | -2.5 | -3.0 | -3.2 | -3.5 | -12.2 | -13.7 | -15.1 | -17.8 |
| EBIT (excl. NRI) | -0.6 | 6.7 | 6.9 | 13.9 | 14.4 | 5.5 | 40.7 | -6.6 | 12.4 | 15.9 | 11.4 | 33.1 | 61.6 | 91.2 | 110 |
| EBIT | -0.6 | 6.1 | 6.8 | 13.9 | 14.4 | 5.5 | 40.6 | -6.6 | 12.4 | 15.9 | 11.4 | 33.1 | 61.6 | 91.2 | 110 |
| Net financial items | -0.2 | -1.3 | 0.2 | 0.3 | 0.2 | 1.8 | 2.5 | 0.5 | 0.5 | 0.5 | 0.5 | 2.0 | 2.0 | 2.0 | 2.0 |
| PTP | -0.8 | 4.8 | 7.0 | 14.2 | 14.6 | 7.3 | 43.1 | -6.1 | 12.9 | 16.4 | 11.9 | 35.1 | 63.6 | 93.2 | 112 |
| Taxes | 1.1 | -1.4 | -1.3 | -3.2 | -2.9 | -1.9 | -9.3 | -0.8 | -2.2 | -2.8 | -1.9 | -7.7 | -14.0 | -20.5 | -24.7 |
| Net earnings | 0.3 | 3.4 | 5.7 | 11.0 | 11.7 | 5.4 | 33.8 | -6.9 | 10.7 | 13.6 | 10.0 | 27.4 | 49.6 | 72.7 | 87.4 |
| EPS (adj.) | 0.01 | 0.07 | 0.10 | 0.20 | 0.21 | 0.10 | 0.61 | -0.12 | 0.19 | 0.25 | 0.18 | 0.50 | 0.90 | 1.32 | 1.58 |
| EPS (rep.) | 0.01 | 0.06 | 0.10 | 0.20 | 0.21 | 0.10 | 0.61 | -0.12 | 0.19 | 0.25 | 0.18 | 0.50 | 0.90 | 1.32 | 1.58 |

| Key figures | 2021 | 2022 | Q1'23 | Q2'23 | Q3'23 | Q4'23 | 2023 | Q1'24e | Q2'24e | Q3'24e | Q4'24e | 2024e | 2025e | 2026e | 2027e |
|------------------------|---------|---------|----------|---------|---------|---------|---------|----------|---------|--------|---------|---------|--------|--------|--------|
| Revenue growth-% | 730.3 % | 278.1 % | 384.9 % | 235.5 % | 122.0 % | 119.0 % | 173.7 % | -4.0 % | 35.0 % | 55.0 % | 40.3 % | 34.0 % | 29.0 % | 24.0 % | 17.0 % |
| Adjusted EBIT growth-% | | | -788.8 % | 671.5 % | 504.7 % | | | -195.8 % | -10.7 % | 10.6 % | 106.4 % | -18.6 % | 85.7 % | 48.2 % | 20.7 % |
| EBITDA-% | | | 14.1 % | 21.2 % | 22.1 % | 9.4 % | 16.6 % | -7.7 % | 15.7 % | 17.0 % | 12.8 % | 11.9 % | 15.4 % | 17.5 % | 18.0 % |
| Adjusted EBIT-% | | | 12.4 % | 19.2 % | 19.8 % | 6.7 % | 14.4 % | -12.3 % | 12.7 % | 14.2 % | 9.8 % | 8.7 % | 12.6 % | 15.0 % | 15.5 % |
| Net earnings-% | | | 10.2 % | 15.2 % | 16.1 % | 6.5 % | 11.9 % | -12.9 % | 11.0 % | 12.1 % | 8.6 % | 7.2 % | 10.1 % | 12.0 % | 12.3 % |

Source: Inderes

Balance sheet

| Assets | 2022 | 2023 | 2024e | 2025e | 2026e |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| Non-current assets | 24.3 | 44.2 | 57.0 | 65.3 | 73.5 |
| Goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Intangible assets | 2.6 | 1.8 | 1.8 | 1.8 | 1.8 |
| Tangible assets | 21.1 | 38.2 | 51.0 | 59.3 | 67.5 |
| 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 | 0.0 | 1.4 | 1.4 | 1.4 | 1.4 |
| Deferred tax assets | 0.6 | 2.8 | 2.8 | 2.8 | 2.8 |
| Current assets | 130 | 194 | 279 | 390 | 518 |
| Inventories | 27.1 | 51.6 | 84.4 | 106 | 129 |
| Other current assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Receivables | 28.7 | 42.1 | 84.5 | 104 | 123 |
| Cash and equivalents | 74.0 | 99.8 | 110 | 180 | 266 |
| Balance sheet total | 154 | 238 | 336 | 456 | 591 |

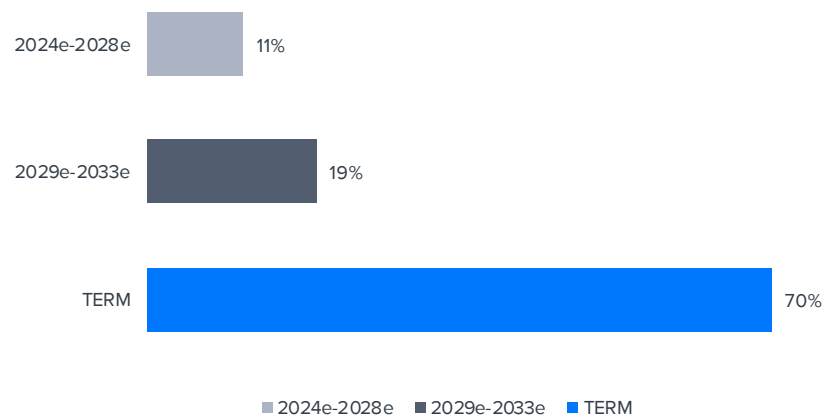
Source: Inderes

| Liabilities & equity | 2022 | 2023 | 2024e | 2025e | 2026e |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|
| Equity | 101 | 133 | 160 | 210 | 283 |
| Share capital | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Retained earnings | 6.4 | 42.4 | 69.8 | 119 | 192 |
| 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 | 94.2 | 90.4 | 90.4 | 90.4 | 90.4 |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-current liabilities | 16.0 | 24.4 | 30.8 | 59.2 | 81.1 |
| Deferred tax liabilities | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| Provisions | 2.4 | 3.8 | 3.8 | 3.8 | 3.8 |
| Interest bearing debt | 13.3 | 20.5 | 26.9 | 55.3 | 77.2 |
| Convertibles | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other long term liabilities | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |
| Current liabilities | 37.5 | 80.4 | 145 | 187 | 227 |
| Interest bearing debt | 2.4 | 4.7 | 6.2 | 12.7 | 17.7 |
| Payables | 35.1 | 75.7 | 139 | 174 | 210 |
| Other current liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Balance sheet total | 154 | 238 | 336 | 456 | 591 |

DCF calculation

| DCF model | 2023 | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e | 2032e | 2033e | TERM |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------|
| Revenue growth-% | 173.7 % | 34.0 % | 29.0 % | 24.0 % | 17.0 % | 15.0 % | 10.0 % | 10.0 % | 10.0 % | 10.0 % | 3.0 % | 3.0 % |
| EBIT-% | 14.3 % | 8.7 % | 12.6 % | 15.0 % | 15.5 % | 16.3 % | 16.9 % | 17.1 % | 17.0 % | 15.0 % | 15.0 % | 15.0 % |
| EBIT (operating profit) | 40.6 | 33.1 | 61.6 | 91.2 | 110 | 133 | 152 | 169 | 185 | 180 | 185 | |
| + Depreciation | 6.5 | 12.2 | 13.7 | 15.1 | 17.8 | 19.6 | 21.6 | 22.8 | 23.0 | 24.1 | 24.9 | |
| - Paid taxes | -11.9 | -7.7 | -14.0 | -20.5 | -24.7 | -29.7 | -34.0 | -37.7 | -41.2 | -40.0 | -41.1 | |
| - Tax, financial expenses | 0.5 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | |
| + 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 | 2.8 | -12.2 | -6.3 | -5.7 | -3.6 | -2.8 | -0.4 | -4.9 | -5.4 | -5.9 | -2.0 | |
| Operating cash flow | 38.5 | 25.8 | 55.4 | 80.6 | 100 | 121 | 140 | 150 | 162 | 158 | 167 | |
| + Change in other long-term liabilities | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| - Gross CAPEX | | -25.0 | -22.0 | -23.3 | -24.3 | -25.2 | -25.9 | -26.5 | -27.2 | -27.2 | -29.5 | |
| Free operating cash flow | 0.8 | 33.4 | 57.2 | 75.7 | 95.3 | 114 | 124 | 135 | 131 | 138 | 138 | |
| +/- Other | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| FCFF | | 0.8 | 33.4 | 57.2 | 75.7 | 95.3 | 114 | 124 | 135 | 131 | 138 | 2755 |
| Discounted FCFF | 0.8 | 28.9 | 45.7 | 55.9 | 65.0 | 72.1 | 72.1 | 72.7 | 65.4 | 63.6 | 1270 | |
| Sum of FCFF present value | | 1813 | 1812 | 1783 | 1737 | 1681 | 1616 | 1544 | 1472 | 1399 | 1334 | 1270 |
| Enterprise value DCF | | 1813 | | | | | | | | | | |
| - Interest bearing debt | | -25.2 | | | | | | | | | | |
| + Cash and cash equivalents | | 99.8 | | | | | | | | | | |
| -Minorities | | 0.0 | | | | | | | | | | |
| -Dividend/capital return | | 0.0 | | | | | | | | | | |
| Equity value DCF | | 1887 | | | | | | | | | | |
| Equity value DCF per share | | 34.1 | | | | | | | | | | |

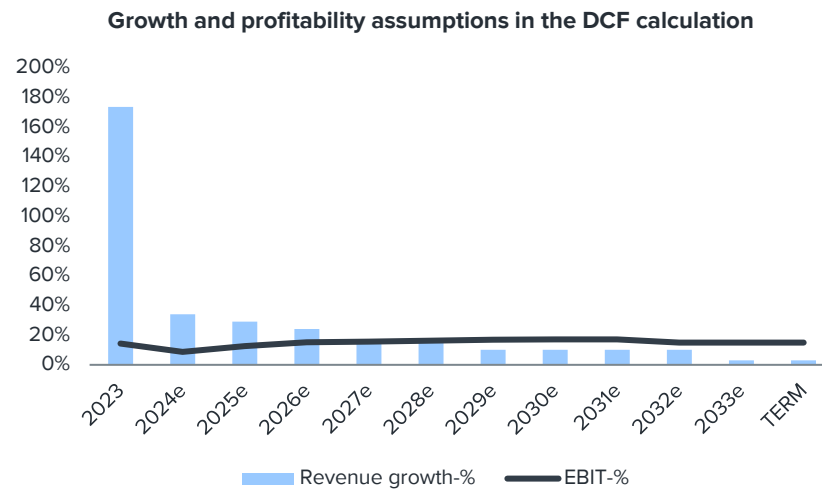
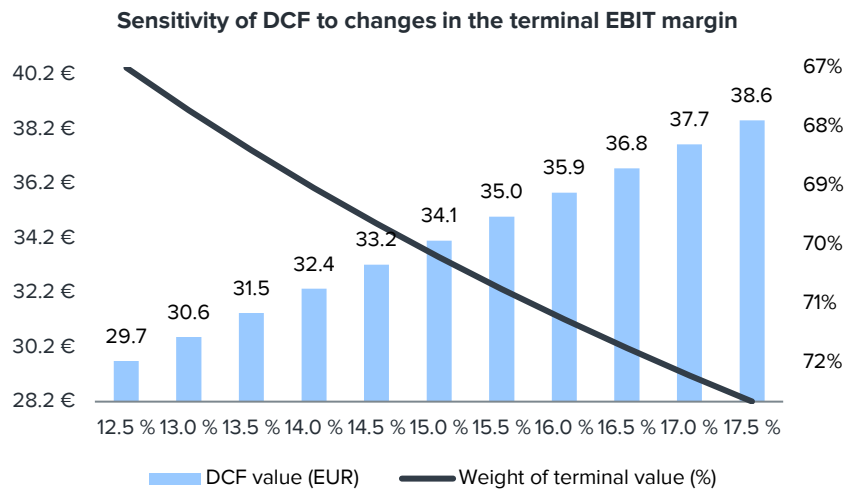
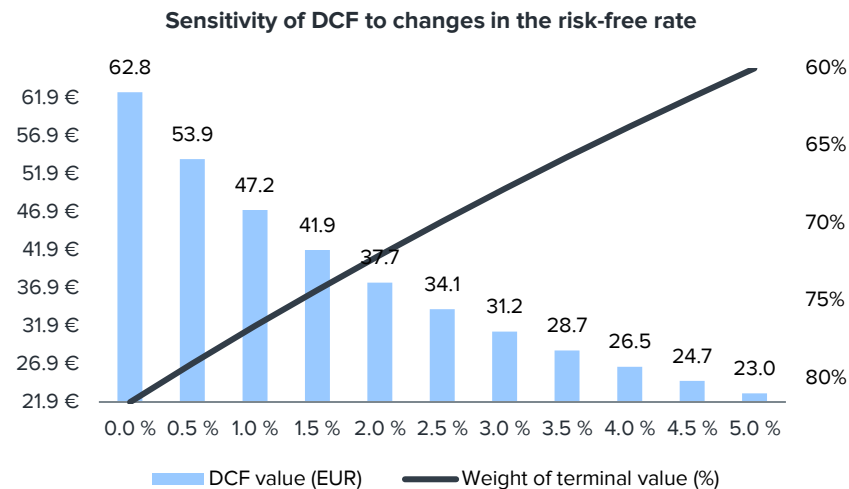
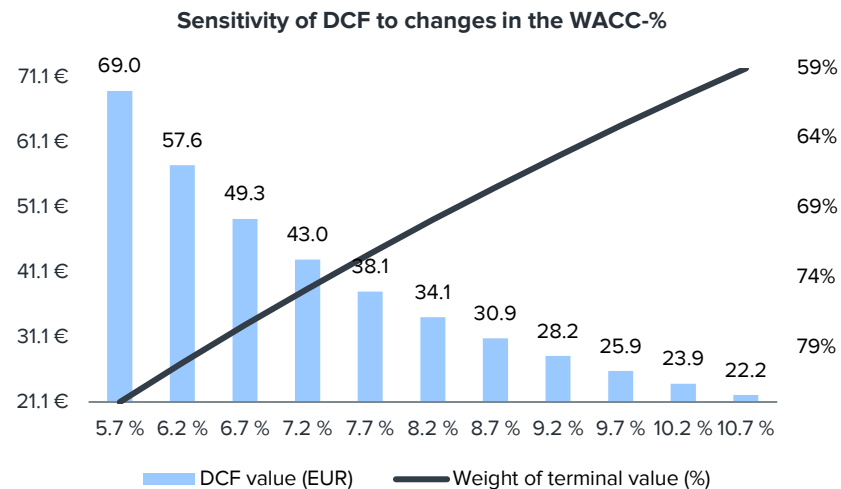
Cash flow distribution



| WACC | |
|--|--------------|
| Tax-% (WACC) | 22.0 % |
| Target debt ratio (D/(D+E)) | 10.0 % |
| Cost of debt | 3.0 % |
| Equity Beta | 1.33 |
| Market risk premium | 4.75% |
| Liquidity premium | 0.00% |
| Risk free interest rate | 2.5 % |
| Cost of equity | 8.8 % |
| Weighted average cost of capital (WACC) | 8.2 % |

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 | 2021 | 2022 | 2023 | 2024e | 2025e | Per share data | 2021 | 2022 | 2023 | 2024e | 2025e |
|---------------------------|-------|-------|-------|--------------|---------------|--------------------------|---------|---------|---------|----------------|----------------|
| Revenue | 27.4 | 103.6 | 283.6 | 380.0 | 490.2 | EPS (reported) | 0.01 | 0.06 | 0.61 | 0.50 | 0.90 |
| EBITDA | 0.5 | 9.5 | 47.1 | 45.3 | 75.3 | EPS (adj.) | 0.01 | 0.07 | 0.61 | 0.50 | 0.90 |
| EBIT | -0.6 | 6.1 | 40.6 | 33.1 | 61.6 | OCF / share | 0.00 | -0.16 | 0.70 | 0.47 | 1.00 |
| PTP | -0.8 | 4.8 | 43.1 | 35.1 | 63.6 | FCF / share | -0.14 | -0.53 | 0.29 | 0.02 | 0.61 |
| Net Income | 0.3 | 3.4 | 33.8 | 27.4 | 49.6 | Book value / share | 1.76 | 1.81 | 2.40 | 2.90 | 3.80 |
| Extraordinary items | 0.0 | -0.6 | -0.1 | 0.0 | 0.0 | Dividend / share | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Balance sheet | 2021 | 2022 | 2023 | 2024e | 2025e | Growth and profitability | 2021 | 2022 | 2023 | 2024e | 2025e |
| Balance sheet total | 108.5 | 154.2 | 237.7 | 335.9 | 455.8 | Revenue growth-% | 730% | 278% | 174% | 34% | 29% |
| Equity capital | 97.5 | 100.7 | 132.9 | 160.3 | 209.9 | EBITDA growth-% | -124% | 1800% | 396% | -4% | 66% |
| Goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | EBIT (adj.) growth-% | -73% | -1217% | 507% | -19% | 86% |
| Net debt | -89.3 | -58.3 | -74.6 | -77.0 | -112.0 | EPS (adj.) growth-% | | 1287% | 718% | -19% | 81% |
| Cash flow | 2021 | 2022 | 2023 | 2024e | 2025e | EBITDA-% | 1.8 % | 9.2 % | 16.6 % | 11.9 % | 15.4 % |
| EBITDA | 0.5 | 9.5 | 47.1 | 45.3 | 75.3 | EBIT (adj.)-% | -2.2 % | 6.5 % | 14.4 % | 8.7 % | 12.6 % |
| Change in working capital | -0.6 | -17.2 | 2.8 | -12.2 | -6.3 | EBIT-% | -2.2 % | 5.9 % | 14.3 % | 8.7 % | 12.6 % |
| Operating cash flow | -0.1 | -8.6 | 38.5 | 25.8 | 55.4 | ROE-% | 0.6 % | 3.5 % | 28.9 % | 18.7 % | 26.8 % |
| CAPEX | -4.4 | -23.2 | -24.2 | -25.0 | -22.0 | ROI-% | -1.2 % | 5.7 % | 29.6 % | 18.9 % | 26.1 % |
| Free cash flow | -7.7 | -29.7 | 15.8 | 0.8 | 33.4 | Equity ratio | 89.9 % | 65.3 % | 55.9 % | 47.7 % | 46.0 % |
| Valuation multiples | 2021 | 2022 | 2023 | 2024e | 2025e | Gearing | -91.5 % | -57.9 % | -56.1 % | -48.0 % | -53.4 % |
| EV/S | 20.2 | 10.0 | 5.3 | 3.1 | 2.3 | | | | | | |
| EV/EBITDA (adj.) | >100 | >100 | 32.1 | 26.0 | 15.2 | | | | | | |
| EV/EBIT (adj.) | neg. | >100 | 37.2 | 35.6 | 18.6 | | | | | | |
| P/E (adj.) | >100 | >100 | 46.9 | 45.8 | 25.3 | | | | | | |
| P/B | 6.6 | 10.8 | 11.9 | 7.8 | 6.0 | | | | | | |
| Dividend-% | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | | | | | | |

Source: Inderes

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| | |
|------------|---|
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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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| Date | Recommendation | Target | Share price |
|------------|----------------|---------|-------------|
| 8/15/2022 | Accumulate | 20.00 € | 18.35 € |
| 10/30/2022 | Accumulate | 22.00 € | 19.64 € |
| 2/15/2023 | Reduce | 27.00 € | 27.56 € |
| 4/14/2023 | Accumulate | 30.00 € | 27.30 € |
| 4/20/2023 | Accumulate | 32.00 € | 28.80 € |
| 7/19/2023 | Accumulate | 43.00 € | 41.68 € |
| 7/25/2023 | Reduce | 43.00 € | 42.84 € |
| 9/18/2023 | Accumulate | 52.00 € | 46.10 € |
| 10/19/2023 | Accumulate | 44.00 € | 37.88 € |
| 10/31/2023 | Buy | 44.00 € | 29.59 € |
| 2/9/2024 | Buy | 41.00 € | 28.72 € |
| 2/15/2024 | Buy | 32.00 € | 22.72 € |



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