

# Gabriel Holding A/S

## Company report

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**Philip Coombes**  
447532247526  
philip@hcandersencapital.dk



**Kasper Lihn**  
4528739322  
kasper@hcandersencapital.dk



**Rasmus Køjborg**  
4561203078  
rasmus@hcandersencapital.dk

✓ Corporate customer

See full disclaimer on the last pages.



# Waiting for the carve-out to unlock value

Following a delay in the publication of its 2023/24 annual report due to financial reporting challenges at its Mexican subsidiary, Gabriel's FY'2023/24 results have been published. Group revenue was MDKK 912, within the guidance range of MDKK 880-930 and slightly below our estimate of DKKM 915. Operating profit (EBIT) was MDKK 10.9, also within the guidance range of DKK 8-15m and slightly below our estimate of DKK 12m. Despite solid topline growth in the continuing operations of 6.4% y/y, ongoing challenging market conditions and short-term uncertainty relating to the sale of its FurnMaster unit, lead us to reiterate our Reduce recommendation with a lower target price of DKK 195 (prev. DKK 225) per share following the restated numbers and updated FY'2024/25 estimates. Long-term potential remains, particularly as markets normalize, and as the carve-out of the FurnMaster business returns Gabriel's focus back to its continued operations with a stronger balance sheet.

## Significant errors confirmed in the Mexican subsidiary with a negative effect on results

Clarification regarding the Mexican subsidiary, following the verification process initiated by management highlighted several errors, including inventory values in earlier years. The financial impact after correcting the errors is MDKK -7.9 on EBIT in Q4'2023/24 and thus the full-year, and an equity write-down of MDKK 39.2 in 2022/23 and by MDKK 11.6 in 2021/22. The company has an ongoing investigation to clarify whether irregularities have been caused by fraudulent activity. However, importantly, Gabriel's management expects that the sale of the FurnMaster units can be completed in 2024/2025 (reporting year ends 30 September 2025), reporting satisfactory interest in acquiring FurnMaster.

## Good performance in continued operations despite weak markets

Looking into the continued operations, Gabriel delivered positive results in a challenging market, as the Gabriel Fabrics and SampleMaster business units together delivered revenue of MDKK 483.5, corresponding to a growth rate of 6.4%. Gross margin increased slightly to 51.7% (51.4% in 2022/23), and EBIT margin increased to 4.1% (2.9% in 2022/23) at a level of MDKK 19.7. The solid growth during weak market conditions positions the ongoing business well for an eventual market turn-around.

## Sales process of FurnMaster may lead to additional costs in 2024/25

Even though errors have been corrected, the resources diverted to this issue may have delayed the ongoing sales process of the FurnMaster units. We adjust our FY'2024/25 estimates for the discontinued operations downwards slightly, also reflecting elevated carve-out-related costs.

## Carve-out completion can de-risk the case but short-term uncertainties remain

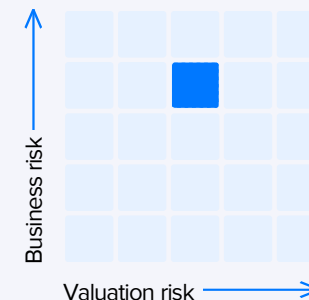
Despite some clarity on the Mexican business with restated financials, we still see uncertainty about the timing of the sale of its FurnMaster units. Currently, we see this as the most important trigger in the short-term, as this will de-risk the case and strengthen the balance sheet. Based on our DCF model, we still see long-term potential in Gabriel.

## Recommendation

**Reduce**  
(prev. Reduce)

**195 DKK**  
(prev. 225 DKK)

**Share price:**  
182 DKK



## Key indicators

	2024	2025e	2026e	2027e
<b>Revenue</b>	912.0	945.8	1001.0	1066.1
<b>growth-%</b>	-2%	4%	6%	7%
<b>EBIT adj.</b>	10.9	11.9	37.3	75.4
<b>EBIT-% adj.</b>	1.2 %	1.3 %	3.7 %	7.1 %
<b>Net Income</b>	-15.7	-2.8	20.0	51.7
<b>EPS (adj.)</b>	-8.28	-1.47	10.57	27.35

<b>P/E (adj.)</b>	neg.	neg.	17.2	6.7
<b>P/B</b>	2.0	1.3	1.2	1.0
<b>Dividend yield-%</b>	0.0 %	0.0 %	0.0 %	4.5 %
<b>EV/EBIT (adj.)</b>	78.4	60.2	18.9	8.8
<b>EV/EBITDA</b>	13.4	10.8	8.0	5.2
<b>EV/S</b>	0.9	0.8	0.7	0.6

Source: HC Andersen Capital

## Guidance

(Unchanged)

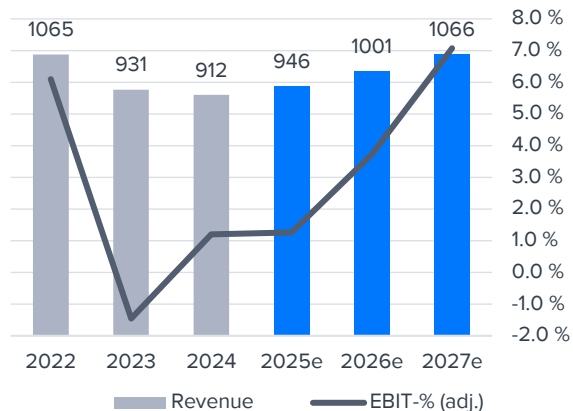
Gabriel maintained its FY'24/25 expectations for the ongoing operations, implying a revenue of MDKK 485-530 (0-10% growth) and an EBIT of MDKK 20-30.

### Share price



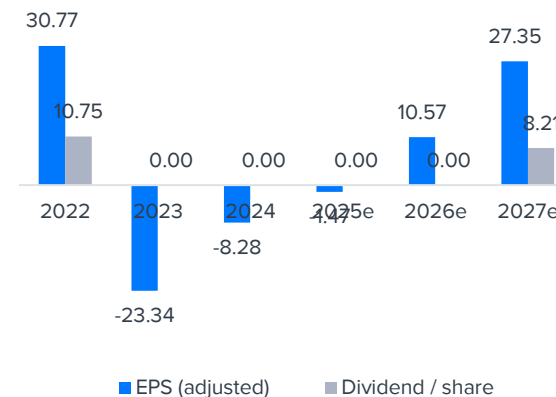
Source: S&P Capital IQ

### Revenue and EBIT-% (adj.)



Source: HC Andersen Capital

### EPS and DPS



Source: HC Andersen Capital



### Value drivers

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



### Risk factors

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

Valuation	2025e	2026e	2027e
Share price	182.0	182.0	182.0
Number of shares, millions	1.89	1.89	1.89
Market cap	344	344	344
EV	716	704	664
P/E (adj.)	neg.	17.2	6.7
P/E	neg.	17.2	6.7
P/FCF	neg.	15.2	7.2
P/B	1.3	1.2	1.0
P/S	0.4	0.3	0.3
EV/Sales	0.8	0.7	0.6
EV/EBITDA	10.8	8.0	5.2
EV/EBIT (adj.)	60.2	18.9	8.8
Payout ratio (%)	0.0 %	0.0 %	30.0 %
Dividend yield-%	0.0 %	0.0 %	4.5 %

Source: HC Andersen Capital

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

# Q4 results slightly lower than estimates but in line with guidance

## Q4'23/2024 results close to our estimates

Gabriel realized FY2023/24 group revenue of MDKK 912.0, against our estimates of MDKK 915, while group EBIT FY23/24 of MDKK 10.9, was slightly below our estimate of MDKK 12.0, but within Gabriel's latest guidance for FY2023/24 EBIT of MDKK 8-15. The Q4'23/24 results were negatively impacted by MDKK 7.9 due to inventory irregularities in its Mexican subsidiary.

## Good performance in continued operations

In a challenging market, Gabriel delivered good results in its continued operations FY 2023/24, as the Gabriel Fabrics and SampleMaster business units together delivered revenue of MDKK 483.5m, corresponding to a growth rate of 6.4%. Gross margin also increased slightly to 51.7% (51.4% in 2022/23) driven by the revenue growth. EBIT margin increased to 4.1% (2.9% in 2022/23). In the past years, the Asian market including China, has been challenging for Gabriel with negative growth rates, however, Gabriel reported an 8.1% growth in Asia Pacific in 2023/24.

## Estimates on group level maintained until FurnMaster sale details

We maintain our estimates on the group level with both continuing operations (Gabriel Fabrics and SampleMaster) and discontinued operations (FurnMaster). The FY 2023/24 report provided new insights into the business units, showing a recent positive momentum in the continuing operations. With market expectations towards still difficult but improving European and US real estate conditions in 2025, and generally falling interest rates, particularly in Europe, we assess markets will be stable-to-slightly improving in 2025 supporting continuing operations growth towards the upper-end of guidance at 7.0%.

However, FurnMaster's trajectory is less clear. Despite a smaller negative result in FY'23/24 of MDKK -15.7 vs MDKK -44.1 in FY'22/23, uncertainty surrounding the sales process, including additional advisory and legal cost, leads us to forecast roughly stable revenue but slight weakening in EBIT FY'2024/25e in the discontinuing operations.

Estimates	Q4'23	Q4'24	Q4'24e	Q4'24e	Consensus		2024 (ended year)
	Comparison	Actualized	HCA	Consensus	Low	High	Actual
MDKK / DKK							
Revenue	216	212	220				912
EBITDA	-18.1	4.9	11.2				63.9
EBIT	-31.8	-8.2	-0.7				10.9
PTP	-36.0	-15.1	-4.3				-7.9
EPS (reported)	-25.14	-13.90	-1.80				-8.28
Revenue growth-%	-14.4 %	-1.8 %	1.8 %				-2.1 %
EBIT-% (adj.)	-14.7 %	-0.4 %	-0.3 %				1.2 %

Source: HC Andersen Capital

# The effect of the irregularities in Gabriel's Mexican Furnmaster unit

After a postponed publication of the FY'2023/24 annual report in November 2024 due to financial reporting challenges in its Mexican FurnMaster subsidiary, Gabriel now reports that the identified errors have been corrected. Gabriel's verification process has been challenging since the former employees with responsibilities for the financial reporting in the Mexican business unit left the company back in August 2024. Gabriel highlights that everything has been controlled and corrected following comprehensive work that included external experts and advisers. Besides ensuring accurate financial reporting, an ongoing investigation is also established to find whether the irregularities have been caused by fraudulent activity.

## Negative financial impact of the irregularities

Errors from the verification process included valuations of inventories in earlier years. The financial impact after the corrections of the errors is MDKK -7.9 on EBIT in Q4'2023/24 and thus the full year 2023/24 results. Moreover, Gabriel's equity has been corrected with MDKK 39.2 in 2022/23 and by MDKK 11.6 in 2021/22, totaling approx. MDKK 50.9. As a result of the restated financials, we have adjusted our historical data to the updated numbers..

## Non-financial/indirect effects should also be taken into account

We don't expect this Mexican financial reporting issue to affect Gabriel's customers and partners, yet every bad news could scratch its reputation among different stakeholders. However, the company may have faced operational disruptions as resources have been diverted to address the issue and conduct internal reviews rather than value-adding initiatives. In addition to that, Gabriel's management has been focusing on solving this issue which most likely has somewhat delayed the sales process of the FurnMaster units.

As mentioned before, we keep our revenue estimates FY'2024/25 roughly at the same level as FY'2023/24 for the discontinued operations (FurnMaster), but there could be a negative effect on revenue as Gabriel's sales focus might be on the continued operations. With regards to the timeline of the potential carve-out of FurnMaster, Gabriel's management still expects the sale of the FurnMaster units to be completed in 2024/25 (financial period ends 30 September 2025). Moreover, the company reports that it has experienced satisfactory buyer interest.

# Valuation

## Lower estimates expectations for FurnMaster are lowered slightly to reflect uncertainty

After the corrections and slightly lower FY 2023/24 results than we estimated, we are adjusting our estimates FY'2024/25 downwards. This leads to an estimated revenue of MDKK 945.8 and EBIT of MDKK 11.9. The estimates reflect an ongoing negative EBIT impact from the discontinuing operations.

## Waiting for the carve-out to unlock value

As FurnMaster harms group EBIT, and the company expects to sell the FurnMaster activities (assets held for sale correspond to nearly MDKK 200 on a debt-free level), a potential sale could reduce the debt level and unlock value. This will make the share more attractive as highlighted before, however, we do not know when this materialize even though the management expects a sale within FY'2024/25 (runs until 30 September 2025).

## Multiples are still higher relative to our peer groups

Looking at our peer groups, including international customers and Danish cyclical small/mid-cap companies with a somewhat mixed nature, average/median levels are at the level of 10-11x EV/EBIT (2025e) according to estimates extracted from S&P Capital IQ. Gabriel still trades at elevated multiples of approx. 60x EV/EBIT (2024/25e). As mentioned before, however, a sale of the FurnMaster units may reduce the enterprise value following potential debt reductions.

## DCF value points to an upside despite revisions

Our updated base case DCF model suggests that Gabriel is valued at DKK 215 per share. We keep our required return on capital (WACC) at 9.1%, including a relatively high cost of equity of 11.2%, also due to an added liquidity premium.

Referring to page 11, the DCF value is highly sensitive to changes in WACC and the EBIT margin.

Valuation	2025e	2026e	2027e
Share price	182.0	182.0	182.0
Number of shares, millions	1.89	1.89	1.89
Market cap	344	344	344
EV	716	704	664
P/E (adj.)	neg.	17.2	6.7
P/E	neg.	17.2	6.7
P/FCF	neg.	15.2	7.2
P/B	1.3	1.2	1.0
P/S	0.4	0.3	0.3
EV/Sales	0.8	0.7	0.6
EV/EBITDA	10.8	8.0	5.2
EV/EBIT (adj.)	60.2	18.9	8.8
Payout ratio (%)	0.0 %	0.0 %	30.0 %
Dividend yield-%	0.0 %	0.0 %	4.5 %

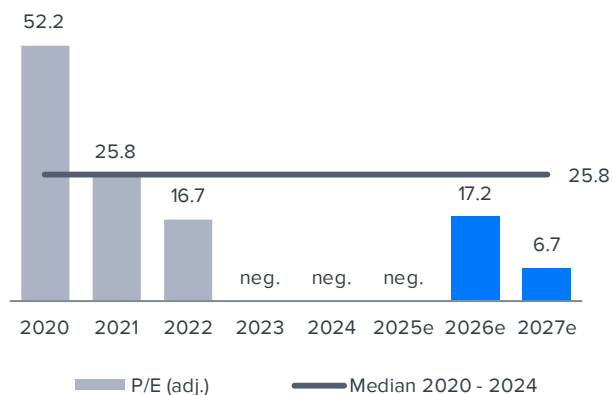
Source: HC Andersen Capital

# Valuation table

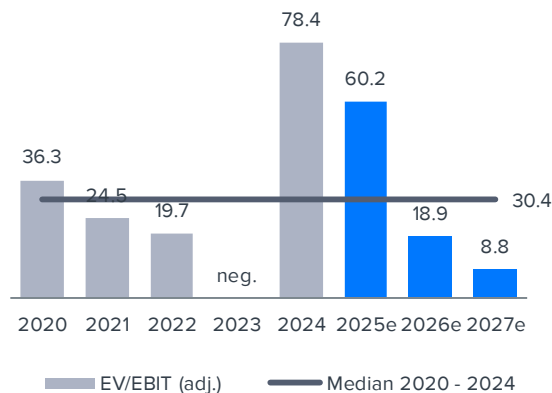
Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	690.0	630.0	515.0	306.0	270.0	<b>182.0</b>	<b>182.0</b>	<b>182.0</b>	<b>182.0</b>
Number of shares, millions	1.89	1.89	1.89	1.89	1.89	<b>1.89</b>	<b>1.89</b>	<b>1.89</b>	<b>1.89</b>
Market cap	1304	1191	973	578	510	<b>344</b>	<b>344</b>	<b>344</b>	<b>344</b>
EV	1522	1435	1282	940	855	<b>716</b>	<b>704</b>	<b>664</b>	<b>627</b>
P/E (adj.)	52.2	25.8	16.7	neg.	neg.	neg.	<b>17.2</b>	<b>6.7</b>	<b>5.1</b>
P/E	52.2	25.8	16.7	neg.	neg.	neg.	<b>17.2</b>	<b>6.7</b>	<b>5.1</b>
P/FCF	35.8	>100	neg.	32.7	neg.	neg.	<b>15.2</b>	<b>7.2</b>	<b>5.8</b>
P/B	4.6	3.7	2.8	2.1	2.0	<b>1.3</b>	<b>1.2</b>	<b>1.0</b>	<b>0.9</b>
P/S	1.8	1.5	0.9	0.6	0.6	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
EV/Sales	2.1	1.8	1.2	1.0	0.9	<b>0.8</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>
EV/EBITDA	18.9	14.9	11.9	26.2	13.4	<b>10.8</b>	<b>8.0</b>	<b>5.2</b>	<b>4.3</b>
EV/EBIT (adj.)	36.3	24.5	19.7	neg.	78.4	<b>60.2</b>	<b>18.9</b>	<b>8.8</b>	<b>6.7</b>
Payout ratio (%)	37.8 %	39.9 %	34.9 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>30.0 %</b>	<b>40.0 %</b>
Dividend yield-%	0.7 %	1.5 %	2.1 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>4.5 %</b>	<b>7.9 %</b>

Source: HC Andersen Capital

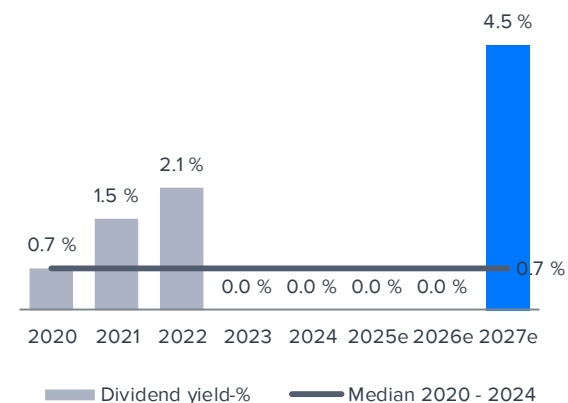
### P/E (adj.)



### EV/EBIT



### Dividend yield-%



# Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MDKK	MDKK	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Culp, Inc.	507	482	11.0	6.3			0.3	0.2	18.6	9.3			
<u>International customers/producers</u>													
MillerKnoll, Inc.	10,795	23,053	10.8	5.9	7.4		0.8	0.7	8.8		2.5%	2.5%	
Steelcase Inc.	9,306	10,703	8.6	7.5	5.3	5.0	0.5	0.4	10.4	9.1	3.5%	3.5%	
HNI Corporation	16,558	19,752	11.3	10.2	7.8	7.3	1.0	1.0	13.8	12.0			
<u>Danish cyclical small/mid cap</u>													
HusCompagniet A/S	1,224	1,461	13.6	6.7	9.5	5.5	0.5	0.4	20.7	8.1	0.9%	4.6%	
TCM Group A/S	710	998	10.2	7.8	7.6	6.2	0.8	0.7	10.9	7.8	4.0%	9.4%	
H+H International A/S	1,292	2,221	12.4	9.1	6.0	5.0	0.8	0.7	14.7	9.2			
<b>Gabriel Holding AS (HCA)</b>	<b>344</b>	<b>716</b>	<b>60.2</b>	<b>18.9</b>	<b>10.8</b>	<b>8.0</b>	<b>0.8</b>	<b>0.7</b>	<b>-123.5</b>	<b>17.2</b>	<b>0.0%</b>	<b>0.0%</b>	<b>1.3</b>
<b>Average</b>			<b>11.1</b>	<b>7.7</b>	<b>7.3</b>	<b>5.8</b>	<b>0.7</b>	<b>0.6</b>	<b>14.0</b>	<b>9.3</b>	<b>2.7%</b>	<b>5.0%</b>	
<b>Median</b>			<b>11.0</b>	<b>7.5</b>	<b>7.5</b>	<b>5.5</b>	<b>0.8</b>	<b>0.7</b>	<b>13.8</b>	<b>9.2</b>	<b>3.0%</b>	<b>4.1%</b>	
<b>Diff-% to median</b>			<b>448%</b>	<b>150%</b>	<b>44%</b>	<b>45%</b>	<b>-3%</b>	<b>-1%</b>	<b>-998%</b>	<b>88%</b>	<b>N/A</b>	<b>N/A</b>	

Source: HC Andersen Capital, Capital IQ



# Income statement

Income statement	2023	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
<b>Revenue</b>	<b>931</b>	<b>912</b>	<b>231</b>	<b>247</b>	<b>240</b>	<b>227</b>	<b>946</b>	<b>1001</b>	<b>1066</b>	<b>1137</b>
Fabrics	928	909	230	246	239	226	943	998	1062	1133
Letting offices	3.2	3.3	0.8	0.8	0.8	0.8	3.2	3.4	3.6	3.9
<b>EBITDA</b>	<b>35.8</b>	<b>63.9</b>	<b>18.2</b>	<b>18.5</b>	<b>16.0</b>	<b>13.5</b>	<b>66.2</b>	<b>88.2</b>	<b>127</b>	<b>145</b>
Depreciation	-49.4	-53.0	-13.6	-13.6	-13.6	-13.6	-54.3	-50.9	-51.5	-51.7
<b>EBIT (excl. NRI)</b>	<b>-13.6</b>	<b>10.9</b>	<b>4.6</b>	<b>4.9</b>	<b>2.4</b>	<b>-0.1</b>	<b>11.9</b>	<b>37.3</b>	<b>75.4</b>	<b>93.2</b>
<b>EBIT</b>	<b>-13.6</b>	<b>10.9</b>	<b>4.6</b>	<b>4.9</b>	<b>2.4</b>	<b>-0.1</b>	<b>11.9</b>	<b>37.3</b>	<b>75.4</b>	<b>93.2</b>
Fabrics	-15.8	9.2	4.2	4.5	2.0	-0.5	10.1	37.2	75.1	92.9
Letting offices	2.2	1.8	0.5	0.5	0.5	0.5	1.8	0.1	0.3	0.3
Share of profits in assoc. compan.	0.4	0.9	0.2	0.2	0.2	0.2	0.9	1.0	2.0	3.2
Net financial items	-15.6	-19.7	-4.1	-4.1	-4.1	-4.1	-16.4	-13.2	-12.5	-11.5
<b>PTP</b>	<b>-28.8</b>	<b>-7.9</b>	<b>0.7</b>	<b>1.1</b>	<b>-1.5</b>	<b>-3.9</b>	<b>-3.6</b>	<b>25.0</b>	<b>64.9</b>	<b>85.0</b>
Taxes	-15.4	-7.8	-0.1	-0.2	0.3	0.8	0.8	-5.1	-13.2	-17.2
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net earnings</b>	<b>-44.1</b>	<b>-15.7</b>	<b>0.6</b>	<b>0.9</b>	<b>-1.2</b>	<b>-3.1</b>	<b>-2.8</b>	<b>20.0</b>	<b>51.7</b>	<b>67.8</b>
<b>EPS (adj.)</b>	<b>-23.34</b>	<b>-8.28</b>	<b>0.32</b>	<b>0.46</b>	<b>-0.61</b>	<b>-1.65</b>	<b>-1.47</b>	<b>10.57</b>	<b>27.35</b>	<b>35.89</b>
<b>EPS (rep.)</b>	<b>-23.34</b>	<b>-8.28</b>	<b>0.32</b>	<b>0.46</b>	<b>-0.61</b>	<b>-1.65</b>	<b>-1.47</b>	<b>10.57</b>	<b>27.35</b>	<b>35.89</b>
<b>Key figures</b>	<b>2023</b>	<b>2024</b>	<b>Q1'25e</b>	<b>Q2'25e</b>	<b>Q3'25e</b>	<b>Q4'25e</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>	<b>2028e</b>
<b>Revenue growth-%</b>	-12.6 %	-2.1 %	1.5 %	2.5 %	4.0 %	7.1 %	3.7 %	5.8 %	6.5 %	6.7 %
<b>Adjusted EBIT growth-%</b>	-120.9 %	-180.3 %	43.6 %	-31.8 %	-72.0 %	-99.2 %	9.2 %	213.3 %	102.2 %	23.7 %
<b>EBITDA-%</b>	3.8 %	7.0 %	7.9 %	7.5 %	6.7 %	5.9 %	7.0 %	8.8 %	11.9 %	12.7 %
<b>Adjusted EBIT-%</b>	-1.5 %	1.2 %	2.0 %	2.0 %	1.0 %	0.0 %	1.3 %	3.7 %	7.1 %	8.2 %
<b>Net earnings-%</b>	-4.7 %	-1.7 %	0.3 %	0.3 %	-0.5 %	-1.4 %	-0.3 %	2.0 %	4.8 %	6.0 %

Source: HC Andersen Capital

# Balance sheet

Assets	2023	2024	2025e	2026e	2027e
<b>Non-current assets</b>	<b>385</b>	<b>382</b>	<b>399</b>	<b>404</b>	<b>410</b>
Goodwill	51.2	52.1	52.1	52.1	52.1
Tangible & intangible assets	286	284	290	295	300
Associated companies	32.3	32.9	33.3	33.8	34.3
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	14.7	14.0	23.2	23.2	23.2
<b>Current assets</b>	<b>389</b>	<b>395</b>	<b>400</b>	<b>410</b>	<b>427</b>
Inventories	198	203	203	208	219
Other current assets	22.8	15.9	20.1	20.1	21.4
Receivables	130	137	139	142	145
Cash and equivalents	38.5	38.5	37.8	40.0	42.6
<b>Balance sheet total</b>	<b>774</b>	<b>777</b>	<b>798</b>	<b>814</b>	<b>837</b>

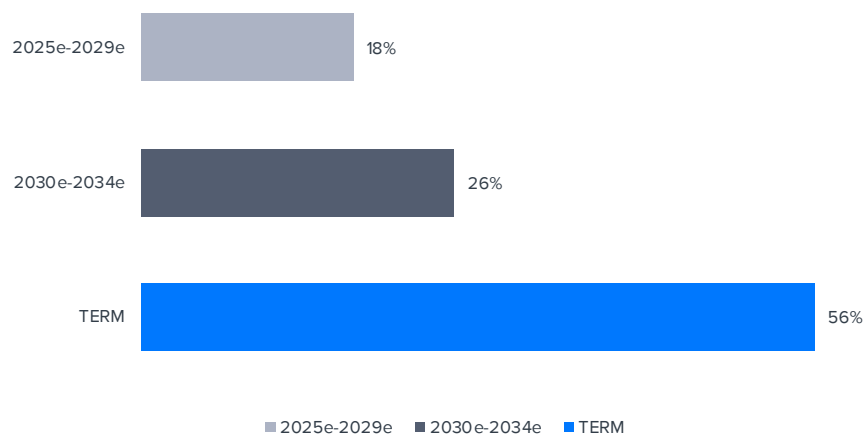
Source: HC Andersen Capital

Liabilities & equity	2023	2024	2025e	2026e	2027e
<b>Equity</b>	<b>276</b>	<b>262</b>	<b>259</b>	<b>279</b>	<b>331</b>
Share capital	37.8	37.8	37.8	37.8	37.8
Retained earnings	250	235	232	252	303
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	-12.4	-10.7	-10.7	-10.7	-10.7
Other equity	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>84.1</b>	<b>72.8</b>	<b>72.8</b>	<b>72.8</b>	<b>72.8</b>
Deferred tax liabilities	12.0	11.6	11.6	11.6	11.6
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	72.0	61.1	61.1	61.1	61.1
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>414</b>	<b>443</b>	<b>467</b>	<b>463</b>	<b>433</b>
Interest bearing debt	328	353	380	369	333
Payables	47.8	53.3	56.8	62.6	69.3
Other current liabilities	38.2	36.7	30.1	30.7	31.4

# DCF calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-2.1%	3.7%	5.8%	6.5%	6.7%	5.6%	4.5%	3.2%	2.6%	2.0%	2.0%	2.0%
EBIT-%	1.2%	1.3%	3.7%	7.1%	8.2%	9.3%	9.7%	8.1%	8.0%	7.0%	7.0%	7.0%
<b>EBIT (operating profit)</b>	<b>10.9</b>	<b>11.9</b>	<b>37.3</b>	<b>75.4</b>	<b>93.2</b>	<b>112</b>	<b>122</b>	<b>105</b>	<b>106</b>	<b>95.4</b>	<b>97.3</b>	
+ Depreciation	53.0	54.3	50.9	51.5	51.7	52.4	52.7	52.9	53.7	53.7	53.7	
- Paid taxes	-7.4	-8.5	-5.1	-13.2	-17.2	-21.3	-23.7	-20.5	-21.8	-19.8	-20.3	
- Tax, financial expenses	-4.3	-2.9	-2.8	-2.7	-2.4	-2.2	-1.9	-1.7	-1.5	-1.2	-1.2	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	
- Change in working capital	-1.6	-8.9	-1.8	-6.9	-9.4	-8.4	-6.9	-2.7	-1.9	2.4	-5.7	
<b>Operating cash flow</b>	<b>50.5</b>	<b>45.9</b>	<b>78.6</b>	<b>104</b>	<b>116</b>	<b>132</b>	<b>142</b>	<b>133</b>	<b>134</b>	<b>130</b>	<b>124</b>	
+ Change in other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-51.1	-60.7	-55.9	-56.5	-56.7	-57.4	-57.7	-57.9	-53.7	-53.7	-53.7	
<b>Free operating cash flow</b>	<b>-0.6</b>	<b>-14.8</b>	<b>22.7</b>	<b>47.7</b>	<b>59.2</b>	<b>74.8</b>	<b>84.6</b>	<b>75.5</b>	<b>80.6</b>	<b>76.8</b>	<b>70.2</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-0.6	-14.8	22.7	47.7	59.2	74.8	84.6	75.5	80.6	76.8	70.2	1007
<b>Discounted FCFF</b>		<b>-13.6</b>	<b>19.1</b>	<b>36.8</b>	<b>41.9</b>	<b>48.5</b>	<b>50.3</b>	<b>41.1</b>	<b>40.2</b>	<b>35.1</b>	<b>29.4</b>	<b>422</b>
Sum of FCFF present value		751	764	745	708	667	618	568	527	487	451	422
<b>Enterprise value DCF</b>		<b>751</b>										
- Interest bearing debt		-414.0										
+ Cash and cash equivalents		38.5										
-Minorities		0.0										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>406</b>										
<b>Equity value DCF per share</b>		<b>214.9</b>										

Cash flow distribution



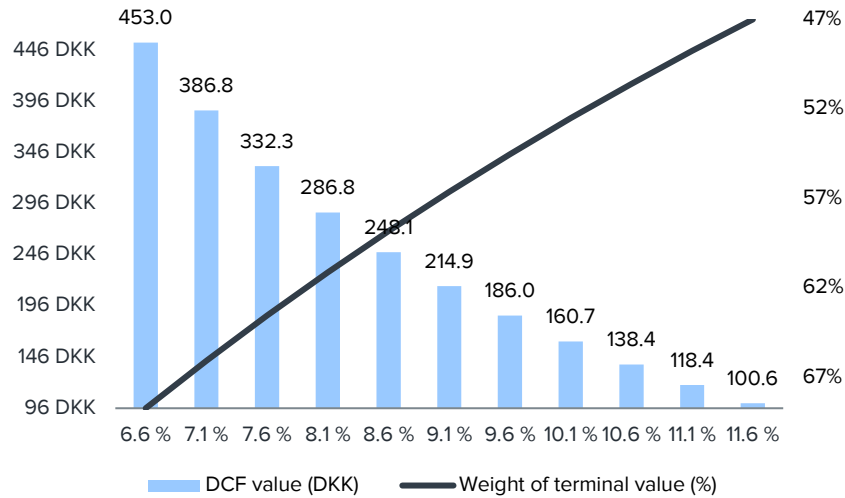
## WACC

Tax-% (WACC)	22.0%
Target debt ratio (D/(D+E))	30.0%
Cost of debt	5.50%
Equity Beta	1.30
Market risk premium	4.75%
Liquidity premium	2.50%
Risk free interest rate	2.50%
<b>Cost of equity</b>	<b>11.2%</b>
<b>Weighted average cost of capital (WACC)</b>	<b>9.1%</b>

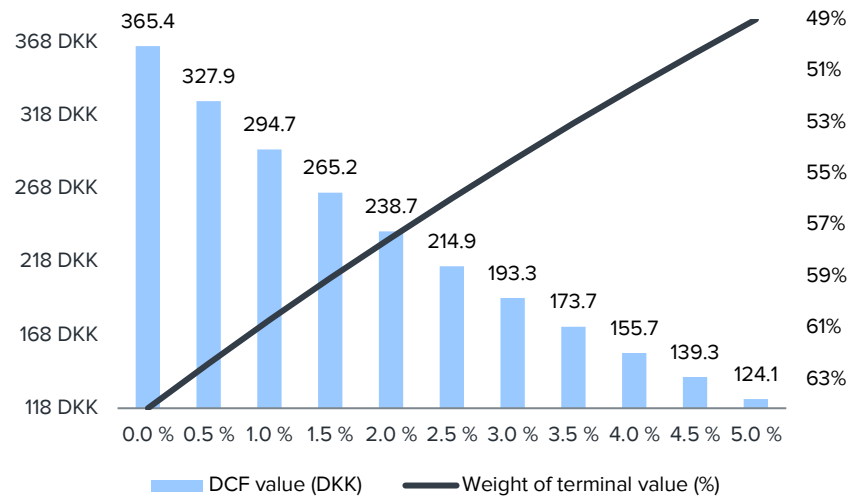
Source: HC Andersen Capital

# DCF sensitivity calculations and key assumptions in graphs

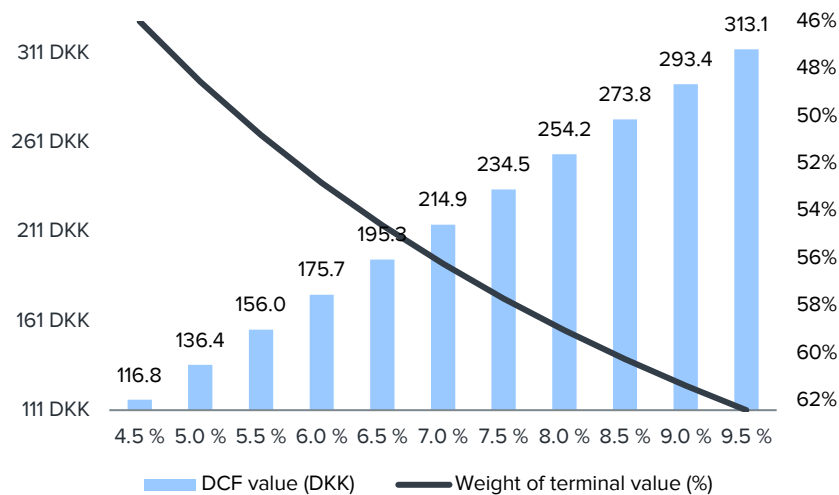
Sensitivity of DCF to changes in the WACC-%



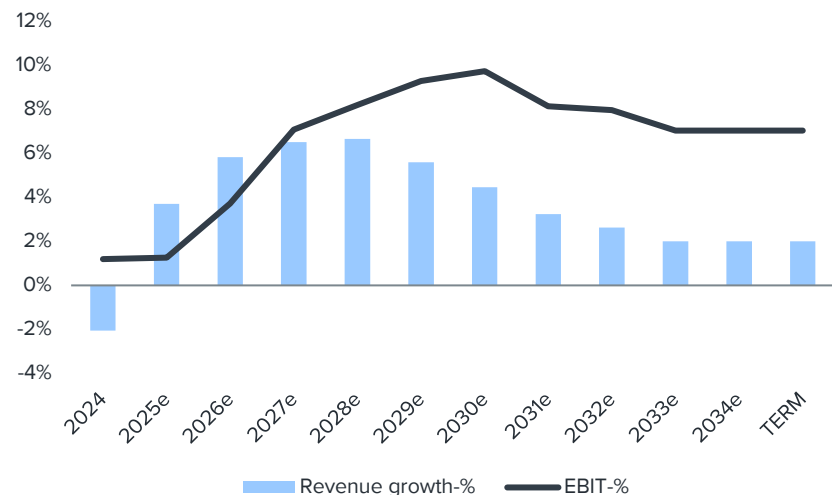
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



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

# Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	1065.0	931.2	912.0	<b>945.8</b>	<b>1001.0</b>	EPS (reported)	30.77	-23.34	-8.28	<b>-1.47</b>	<b>10.57</b>
EBITDA	107.5	35.8	63.9	<b>66.2</b>	<b>88.2</b>	EPS (adj.)	30.77	-23.34	-8.28	<b>-1.47</b>	<b>10.57</b>
EBIT	64.9	-13.6	10.9	<b>11.9</b>	<b>37.3</b>	OCF / share	-1.12	27.74	26.72	<b>24.31</b>	<b>41.59</b>
PTP	80.6	-28.8	-7.9	<b>-3.6</b>	<b>25.0</b>	FCF / share	-22.86	9.34	-0.30	<b>-7.83</b>	<b>12.01</b>
Net Income	58.2	-44.1	-15.7	<b>-2.8</b>	<b>20.0</b>	Book value / share	183.66	145.86	138.43	<b>136.95</b>	<b>147.52</b>
Extraordinary items	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	Dividend / share	10.75	0.00	0.00	<b>0.00</b>	<b>0.00</b>
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	861.0	773.7	777.2	<b>798.5</b>	<b>814.3</b>	Revenue growth-%	32%	-13%	-2%	<b>4%</b>	<b>6%</b>
Equity capital	347.1	275.7	261.6	<b>258.8</b>	<b>278.8</b>	EBITDA growth-%	11%	-67%	78%	<b>4%</b>	<b>33%</b>
Goodwill	50.7	51.2	52.1	<b>52.1</b>	<b>52.1</b>	EBIT (adj.) growth-%	11%	-121%	-180%	<b>9%</b>	<b>213%</b>
Net debt	308.9	361.5	344.2	<b>372.4</b>	<b>359.6</b>	EPS (adj.) growth-%	26%	-176%	-65%	<b>-82%</b>	<b>-817%</b>
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	10.1 %	3.8 %	7.0 %	<b>7.0 %</b>	<b>8.8 %</b>
EBITDA	107.5	35.8	63.9	<b>66.2</b>	<b>88.2</b>	EBIT (adj.)-%	6.1 %	-1.5 %	1.2 %	<b>1.3 %</b>	<b>3.7 %</b>
Change in working capital	-77.0	5.1	-1.6	<b>-8.9</b>	<b>-1.8</b>	EBIT-%	6.1 %	-1.5 %	1.2 %	<b>1.3 %</b>	<b>3.7 %</b>
Operating cash flow	-2.1	52.4	50.5	<b>45.9</b>	<b>78.6</b>	ROE-%	17.4 %	-14.2 %	-5.8 %	<b>-1.1 %</b>	<b>7.4 %</b>
CAPEX	-43.0	-39.6	-51.1	<b>-60.7</b>	<b>-55.9</b>	ROI-%	12.8 %	-1.8 %	1.7 %	<b>1.9 %</b>	<b>5.4 %</b>
Free cash flow	-43.2	17.7	-0.6	<b>-14.8</b>	<b>22.7</b>	Equity ratio	40.3 %	35.6 %	33.7 %	<b>32.4 %</b>	<b>34.2 %</b>
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	89.0 %	131.1 %	143.5 %	<b>155.8 %</b>	<b>140.1 %</b>
EV/S	1.2	1.0	0.9	<b>0.8</b>	<b>0.7</b>						
EV/EBITDA	11.9	26.2	13.4	<b>10.8</b>	<b>8.0</b>						
EV/EBIT (adj.)	19.7	neg.	78.4	<b>60.2</b>	<b>18.9</b>						
P/E (adj.)	16.7	neg.	neg.	<b>neg.</b>	<b>17.2</b>						
P/B	2.8	2.1	2.0	<b>1.3</b>	<b>1.2</b>						
Dividend-%	2.1 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>						

Source: HC Andersen Capital

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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
18/11/2024	Reduce	225.0 DKK	230.0 DKK
30/08/2024	Accumulate	300.0 DKK	272.0 DKK
30/06/2024	Accumulate	295.0 DKK	260.0 DKK

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## HC Andersen Capital

Bredgade 23B 2. sal  
1260 København K, Denmark  
CVR: 41474793

All research available at [inderes.dk](https://www.inderes.dk)

# Equity research team



Kasper Lihn  
Head of Research, MD



Michael Friis  
Head of Equities



Rasmus Kjøjborg  
Head of Research, Stables



Philip Coombes  
Equity Analyst



Victor Skriver  
Equity Analyst Assistant



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