

# KH Group

## Company report

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✓ Inderes corporate customer

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# A leap forward in unlocking value

The purchase price for HTJ seems good and will offset KH Group's balance sheet concerns. The announced M&A transaction contributes to the investment story of building a comprehensive business around KH-Kone and allows for more reliance on KH-Kone in the valuation. This, together with reduced balance sheet concerns, should, in our view, rebalance the risk/reward of the stock back to positive. We raise our target price to EUR 0.72 (was EUR 0.65) and raise our recommendation to Accumulate (was Reduce).

## Agreed transaction price seems good after a weak Q1

KH Group announced on Friday that it has agreed to sell the construction consulting company HTJ to XPartners Finland. The debt-free purchase price of the sale was 23 MEUR, which exceeded our enterprise value estimate of 22 MEUR. KH Group expects its share of the purchase price to be 13.2 MEUR after net debt and transaction costs. At the agreed price, HTJ's EV/EBIT ratio is 8.8x in 2023 figures and 11.9x in our current year forecast. We believe the transaction price is attractive given the sluggish M&A market, HTJ's weak Q1 profitability and increased competition in the smaller projects that are key for the company.

## HTJ out of forecasts as of mid-September

In connection with the news, KH Group updated its guidance and now expects pro forma revenue of 370-390 MEUR and adjusted EBIT of 9-13 MEUR for the current year. The updated guidance does not include HTJ anymore. However, the forecast range dropped more than our forecasts for HTJ, so the guidance declined slightly compared to our expectations. KH Group expects the HTJ transaction to close in September. We believe the deal is very likely to go through, so we have factored it into our forecasts and removed HTJ from our forecasts as of mid-September. For the other subsidiaries, our forecasts are unchanged, although we have included the 2023 balance sheets for each subsidiary in our subsidiary-specific forecasts after their financial statements have become available. We had previously expected an earnings warning from the group, but with the guidance revised down more than our HTJ forecasts, our forecasts are now at the lower end of the updated guidance range. The guidance still assumes a significant earnings improvement from Q1 levels and a profit contribution from the Indoor Group, which has underperformed in recent years, and as a result we continue to see the risk of a possible earnings warning. In the update, we have taken into account the 2.9 MEUR put option exercised by the minority shareholders of KH-Kone, which brings the parent's ownership in KH-Kone to 95.1%.

## The company has optionality again, but capital needs to be allocated wisely

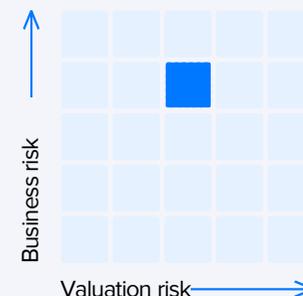
Our sum-of-the-parts calculation indicates a value of EUR 0.88 per share for KH Group. The values per subsidiary in our sum-of-the-parts calculation are: KH Koneet 46 MEUR, Indoor 24 MEUR and NRG 3.5 MEUR. Our valuation justifies the current price level in practice without the turnaround company Indoor, which we see as a viable approach as the value of the HTJ is realized and the balance sheet risk diminishes. However, the current ownership structure exposes investors to the risk of prolonging Indoor's challenges and poor capital allocation, where Indoor's leveraged balance sheet would also infect the parent through excess leverage. This risk is mitigated by the parent's limited 58% stake in Indoor, which means that the KH Group is not fully burdened with supporting the company. We currently view Indoor as an option with a positive expected value, but unfortunately it is not risk-free.

## Recommendation

**Accumulate**  
(previous Reduce)

**EUR 0.72**  
(previous EUR 0.65)

**Share price:**  
0.64



## Key figures

	2023	2024e	2025e	2026e
<b>Revenue</b>	403	378	373	402
<b>growth-%</b>	-6%	-6%	-1%	8%
<b>EBIT adj.</b>	10.8	10.4	13.9	16.4
<b>EBIT-% adj.</b>	2.7 %	2.8 %	3.7 %	4.1 %
<b>PTP</b>	-15.4	1.4	4.2	7.5
<b>Net Income</b>	-7.0	0.2	1.9	4.2
<b>EPS (adj.)</b>	0.12	-0.04	0.03	0.07
<b>Dividend</b>	0.00	0.00	0.00	0.00
<b>P/E (adj.)</b>	6.5	neg.	19.7	8.8
<b>P/B</b>	0.6	0.4	0.4	0.4
<b>Dividend yield-%</b>	0.0 %	0.0 %	0.0 %	0.0 %
<b>EV/EBIT (adj.)</b>	19.0	16.3	11.4	9.3
<b>EV/EBITDA</b>	6.4	3.5	4.0	3.6
<b>EV/S</b>	0.5	0.4	0.4	0.4

Source: Inderes

## Guidance

(New guidance)

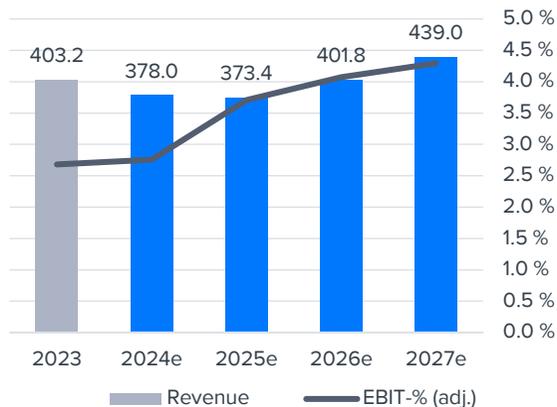
KH Group expects 2024 revenue of 370-390 MEUR and operating profit of 9-13 MEUR, including the operating profit from the real estate sale in Estonia. The guidance does not include HTJ.

## Share price



Source: Millstream Market Data AB

## Revenue and EBIT-%



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- Systematic development of holdings
- M&A transactions
- Dismantling the current ownership structure



## Risk factors

- Deteriorating economic situation
- Among the portfolio companies, especially Indoor Group and KH-Koneet Group are cyclical
- Indoor's balance sheet risk
- Tightening competitive situation
- Postponement of sensible exit opportunities due to weak capital markets

Valuation	2024e	2025e	2026e
Share price	0.64	0.64	0.64
Number of shares, millions	58.1	58.1	58.1
Market cap	37	37	37
EV	169	158	152
P/E (adj.)	neg.	19.7	8.8
P/E	>100	19.7	8.8
P/B	0.4	0.4	0.4
P/S	0.1	0.1	0.1
EV/Sales	0.4	0.4	0.4
EV/EBITDA	3.5	4.0	3.6
EV/EBIT (adj.)	16.3	11.4	9.3
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

# Mainly HTJ cut out of our forecasts

## HTJ out of forecasts as of mid-September

In the update, we have removed HTJ from our forecasts as of mid-September, which has lowered the figures for this business in our forecasts. HTJ is likely to be reported as part of discontinued operations in future interim reports, so the presentation of the business is likely to differ from our forecasts.

We have also lowered our projections for financing costs in the coming years due to the cash generated by the transaction. In addition, we have updated the 2023 balance sheets to our subsidiary-specific forecasts as their financial statements have become available, which has resulted in some minor fluctuations in our projections.

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
Revenue (MEUR)	Vanha	Uusi	%	Vanha	Uusi	%	Vanha	Uusi	%
Indoor Group	177	177	0%	179	179	0%	183	183	0%
KH Koneet	141	141	0%	152	152	0%	175	175	0%
HTJ	26.6	18.8	-29%	27.4	0.0	-100%	28.4	0.0	-100%
NRG	41.1	41.1	0%	42.3	42.3	0%	43.4	43.4	0%
<b>Adj. EBIT (MEUR)</b>									
Indoor Group	3.9	3.9	0%	6.4	6.4	0%	7.3	7.3	0%
KH Koneet	5.0	5.0	0%	7.3	7.3	0%	9.1	9.1	0%
HTJ	1.9	1.2	-39%	3.0	0.0	-100%	3.2	0.0	-100%
NRG	2.4	2.4	0%	1.9	1.9	0%	1.7	1.7	0%
Unallocated costs	-1.7	-1.7	0%	-1.8	-1.8	0%	-1.8	-1.8	0%

Source: Inderes

# Changes in our sum-of-the-parts calculation

## Effects of HTJ divestiture updated in the sum-of-the-parts calculation

In our sum-of-the-parts calculation, we have updated the value of HTJ to reflect the agreed purchase price, which has seemingly reduced the fair value of the company. However, this is because the equity value column below does not take into account HTJ's minority interest and transaction costs, and our enterprise value estimate includes the full current year cash flow. However, the debt-free transaction price exceeded our estimate of the fair value of the business, which is a better benchmark than the market price.

In our calculation of the sum of the parts, HTJ's minority interest has been removed from the calculation and the value of 13.2 MEUR reflects the value to KH Group's owners at EBIT level (i.e.

excluding tax consequences). The transaction will also remove HTJ's put options on minority interest from KH Group's balance sheet, which will reduce the liquidity risk of the parent, which we had previously flagged.

## Minor revaluation of KH-Koneet

We have marginally increased the fair value of KH-Konee in our sum-of-the-parts calculation, as the company's performance in 2023 was slightly better than our expectations, based on the company's financial statements.

The value of KH Group's minorities also decreased in our calculation, as we have taken into account the exercise of the put options of the minority interest of 2.9 MEUR. This brings KH Group's ownership in KH-Koneet to 95.1% (previously 90.7%) and reduces the value of the parent company's cash and cash

equivalents to -4.9 MEUR. In this transaction, KH-Konee is valued at a market value of approximately 65.9 MEUR, which exceeds our fair value estimate of 46 MEUR. There is still a mutual agreement between KH Group and the minorities of KH-Koneet for the remaining 4.9% stake, which had a fair value of 3.4 MEUR in the 2023 financial statements. This agreement values the company at 69.4 MEUR and will be operational in 2025.

Changes in the SOTP



# Sum of the parts is the most reliable valuation method

## SOTP formation

We approach KH Group's valuation through a sum-of-the-parts calculation. In our view, the method is optimal, as the current group structure is to be dismantled, which enables value to be released. At the same time, due to the subsidiaries' differing cash flow and risk profiles, their growth, profitability and acceptable valuation multiples differ considerably. In our SOTP, we have estimated the fair value of each of KH Group's subsidiaries using company-specific DCF models and by comparing the multiple-based fair value valuation to company-specific peers' valuations. In the subsidiary-specific valuation, we utilize company-specific financial statements that comply with FAS accounting (excl. Indoor Group that reports under IFRS), which slightly weakens the comparability of the figures with peers.

We deduct the minority holding of the company, the group administration expenses, and our estimate of the parent company's debts from the company-specific fair value estimate as part of the calculation. The value of HTJ in the calculation is based on the

disclosed transaction. Our sum-of-the-parts calculation indicates that KH Group's value per share is EUR 0.88

## Group administration expenses consume the fair value of the whole

We have estimated that normalized group administration costs are 1.8 MEUR, which we have discounted at an 11% cost of capital from now to eternity. Expenditure has been slightly higher in recent years, but we expect it to fall when the strategy is clear and as it progresses. One could argue for a larger drop in group costs when the group only includes KH-Koneet. We believe that this approach is logical, but the challenge we see is new administrative costs that would arise if Indoor Group would be listed on the stock exchange.

SOTP breakdown (MEUR)	Equity value DCF	Fair value	Net liabilities 2024e	EV 2024e
<b>KH-Koneet</b>	51.5	46.0	20.4	66.4
<b>Indoor Group</b>	26.0	24.0	65.1	89.1
<b>HTJ</b>		13.2		23.0
<b>NRG</b>	5.1	3.5	12.8	16.3
- Minority of Indoor and NRG		-11.1		
- Minority of KH-Koneet (and previously HTJ)		-3.4		
- Group administration expenses		-16.4		
+ Parent company's net debt		-4.9		
<b>= Sum of the parts</b>		<b>50.9</b>		
<b>Group's current market value</b>		37.2		
<b>Discount on the SOTP</b>		-27%		
<b>Value per share indicated by the SOTP</b>		0.88 €		

# Implicit valuation multiples

In the adjacent table, we have tried to illustrate the implicit valuation multiples of KH Group's subsidiaries based on our fair value estimates. The multiples follow FAS accounting except for Indoor Group, as the company's financial statements follow the FAS standard. To improve comparability, we have adjusted goodwill depreciation from our earnings estimates. We have not predicted dividend distribution, which means the cash flow generated by the companies lowers net debt and EV.

## Valuation of KH-Koneet predicts an earnings slump in the current year

For KH-Koneet, the earnings-based valuation appears to be neutral/high this year, but at next year's multiples, the valuation already becomes quite attractive in our view. It is good to keep in mind that in our forecasts, we expect the business environment to improve in 2025, but the company's earnings level to still be below normalized levels. Relative to its peers, our valuation prices KH-Koneet at a big-picture discount, which we believe is justified by its smaller size and more limited growth potential than its peers. However, at next year's multiples, the discount already becomes too wide, and if the earnings turnaround materializes as we expect, we will see upward pressure on our estimate of the company's fair value. In our view, KH-Koneet's business and growth are value-creating, and as a result, the balance sheet-based valuation (2024 P/B: 1.1x) provides, in our view, support for the company's valuation at current levels.

## Turnaround company status is reflected in Indoor's valuation

Measured by EBITDA, Indoor seems cheap with our 2024 forecasts, although due to the high depreciation/EBITDA ratio, the multiple may be misleading and our net profit forecast is negative. Indoor has historically generated high profitability but due to the company's elevated risk profile and weakened performance, we consider it justified that the company is now priced on a balance sheet basis with a discount to book value. In the short term, the forecast risk is also elevated due to the ERP project that is in a critical stage. As performance recovers and the balance sheet strengthens, we see prerequisites for balance sheet-based premium pricing and a clear upside due to the high normalized return on capital of the business. Indoor's peers are also priced mainly at a discount to book value, which may indicate market doubts about the industry's long-term value creation outlook. The biggest risk to Indoor's business and valuation, as we see it, is that the company gets stuck in the current costly spiral of shrinking and streamlining its business in the face of very aggressive competitors.

## NRG's earnings-based valuation is low but not without reason

NRG's revenue- and earnings-based valuation multiples are low, which is explained by the company's high risk profile and turnaround status. Assessing the company's sustainable performance is extremely difficult with the current track record, which we feel should be reflected in acceptable valuation multiples. Due to the company's significant leverage, a successful earnings turnaround would have a significant positive impact on the value of equity. However, the valuation is supported by the company's strong order book (according to management, the company is already scheduling sales for 2025), which will allow it to strengthen its balance sheet and comfortably drive a sustainable earnings turnaround.

KH-Koneet	2024e	2025e	2026e	2027e
EV/Sales	0.5	0.4	0.3	0.3
EV/EBITDA	10.6	6.9	5.3	4.2
EV/Adj. EBIT	11.3	7.4	5.8	4.7
Adj. P/E	13.6	8.1	6.3	4.8
P/B	1.1	1.0	0.9	0.8

Indoor Group	2024e	2025e	2026e	2027e
EV/Sales	0.5	0.5	0.4	0.4
EV/EBITDA	4.3	3.4	3.1	2.7
EV/EBIT	91.7	12.5	10.5	9.0
Adj. P/E	-7.9	9.2	6.7	5.7
P/B	0.7	0.7	0.6	0.6

NRG	2024e	2025e	2026e	2027e
EV/Sales	0.4	0.4	0.4	0.4
EV/EBITDA	5.8	7.0	7.5	7.2
EV/Adj. EBIT	6.8	8.6	9.4	9.0
Adj. P/E	4.5	7.9	8.8	6.6
P/B	-3.9	-1.7	-1.1	-0.8

# Peer group valuation 1/2

KH-Koneet peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		P/B
			2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
UNITED RENTALS	39626	50703	12.9	12.4	7.6	7.3	3.6	3.4	14.6	13.5	4.8
H&E EQUIPMENT SERVICES	1521	2901	11.4	10.5	4.4	4.2	2.0	1.9	10.6	8.9	2.6
MCGRATH RENTCORP	2392	3129	15.1	13.9	9.9	9.4	3.9	3.7	19.2	17.2	NA
SPEEDY HIRE	150	356	11.3	9.1	3.1	2.9	0.7	0.7	10.5	7.6	0.6
VP	331	551	9.5	9.2	4.2	4.1	1.2	1.2	9.6	9.1	1.6
WETTERI OYJ	71	224	16.8	14.6	8.5	7.1	0.4	0.3	27.3	14.1	1.8
BILIA A	1243	1931	14.1	12.1	8.2	7.3	0.6	0.5	13.4	11.0	2.6
<b>KH Koneet (Inderes, FAS)</b>	<b>46</b>	<b>66</b>	<b>11.3</b>	<b>7.4</b>	<b>10.6</b>	<b>6.9</b>	<b>0.5</b>	<b>0.4</b>	<b>13.6</b>	<b>8.1</b>	<b>1.1</b>
<b>Average</b>			<b>11.4</b>	<b>10.2</b>	<b>5.8</b>	<b>5.3</b>	<b>1.5</b>	<b>1.5</b>	<b>13.1</b>	<b>10.2</b>	<b>2.0</b>
<b>Median</b>			<b>12.2</b>	<b>11.3</b>	<b>6.0</b>	<b>5.6</b>	<b>1.0</b>	<b>1.0</b>	<b>12.0</b>	<b>10.1</b>	<b>1.8</b>
<b>Diff-% to median</b>			<b>-7%</b>	<b>-35%</b>	<b>75%</b>	<b>22%</b>	<b>-52%</b>	<b>-59%</b>	<b>13%</b>	<b>-19%</b>	<b>-39%</b>

Indoor peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		P/B
			2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
SURTECO GROUP (XET)	257	602	13.5	9.4	5.7	4.8	0.7	0.7	12.9	7.4	0.6
NOBIA	294	763	74.2	23.0	9.5	6.7	0.8	0.8	-6.3	25.6	0.5
MAISONS DU MONDE	198	860	26.2	18.3	4.4	4.2	0.8	0.8	28.4	9.4	0.3
LEON'S FURNITURE	1029	1235	NA	NA	6.0	5.7	0.7	0.7	11.5	10.5	NA
WILLIAMS-SONOMA	17399	16238	14.0	13.0	11.9	11.0	2.3	2.3	20.2	18.0	9.1
<b>Indoor Group (Inderes, IFRS)</b>	<b>46</b>	<b>89</b>	<b>91.7</b>	<b>12.5</b>	<b>4.3</b>	<b>3.4</b>	<b>0.5</b>	<b>0.5</b>	<b>-7.9</b>	<b>9.2</b>	<b>0.7</b>
<b>Average</b>			<b>32.0</b>	<b>15.9</b>	<b>7.5</b>	<b>6.5</b>	<b>1.0</b>	<b>1.0</b>	<b>13.3</b>	<b>14.2</b>	<b>2.6</b>
<b>Median</b>			<b>20.1</b>	<b>15.6</b>	<b>6.0</b>	<b>5.7</b>	<b>0.8</b>	<b>0.8</b>	<b>12.9</b>	<b>10.5</b>	<b>0.6</b>
<b>Diff-% to median</b>			<b>355%</b>	<b>-20%</b>	<b>-28%</b>	<b>-40%</b>	<b>-34%</b>	<b>-40%</b>		<b>-12%</b>	<b>31%</b>

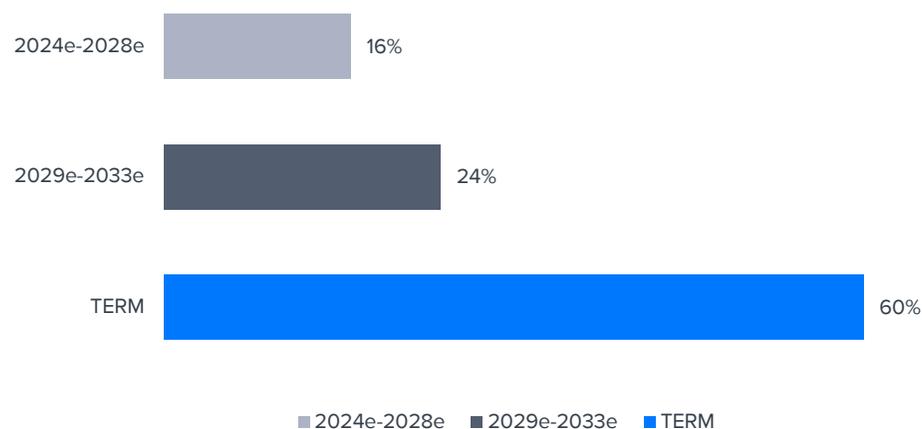
## Peer group valuation 2/2

NRG peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		P/B
			2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
ROSENBAUER INTL.	241	737	12.7	10.5	8.3	7.3	0.6	0.6	11.8	7.4	1.2
OSHKOSH	6652	7734	7.9	7.6	6.7	6.5	0.8	0.8	9.8	9.2	1.7
REV GROUP	1290	1208	9.9	7.6	8.2	6.5	0.5	0.5	17.2	12.3	3.0
<b>NRG (Inderes, FAS)</b>	<b>4</b>	<b>16</b>	<b>6.8</b>	<b>8.6</b>	<b>5.8</b>	<b>7.0</b>	<b>0.4</b>	<b>0.4</b>	<b>4.5</b>	<b>7.9</b>	<b>-3.9</b>
<b>Average</b>			<b>10.2</b>	<b>8.6</b>	<b>7.7</b>	<b>6.7</b>	<b>0.6</b>	<b>0.6</b>	<b>12.9</b>	<b>9.6</b>	<b>2.0</b>
<b>Median</b>			<b>9.9</b>	<b>7.6</b>	<b>8.2</b>	<b>6.5</b>	<b>0.6</b>	<b>0.6</b>	<b>11.8</b>	<b>9.2</b>	<b>1.7</b>
<i>Diff-% to median</i>			<b>-32%</b>	<b>14%</b>	<b>-29%</b>	<b>8%</b>	<b>-36%</b>	<b>-34%</b>	<b>-62%</b>	<b>-14%</b>	

# DCF calculation 1/3

DCF model KH-Koneet (FAS)	2022	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	15.2 %	-14.9 %	-14.8 %	8.0 %	15.0 %	18.0 %	14.0 %	12.0 %	6.0 %	2.5 %	2.0 %	1.5 %	1.5 %
EBIT-% (adj.)	5.0 %	3.7 %	3.0 %	4.3 %	5.6 %	5.8 %	5.0 %	5.0 %	5.0 %	5.0 %	4.5 %	4.0 %	4.0 %
<b>EBIT (adj.)</b>	<b>9.7</b>	<b>6.1</b>	<b>4.2</b>	<b>6.5</b>	<b>9.9</b>	<b>12.0</b>	<b>11.8</b>	<b>13.2</b>	<b>14.0</b>	<b>14.3</b>	<b>13.2</b>	<b>11.9</b>	
+ Depreciation	2.6	2.7	2.1	2.3	2.6	3.1	3.5	4.0	4.2	4.3	4.4	4.5	
- Paid taxes	-1.9	-1.6	-1.2	-1.6	-2.0	-2.4	-1.8	-1.8	-2.0	-2.0	-1.8	-1.6	
- Change in working capital	-11.9	-5.2	3.6	-0.8	-3.8	-7.4	-6.0	-7.9	-4.4	-2.0	-1.6	-1.2	
<b>Operating cash flow</b>	<b>-2.4</b>	<b>1.4</b>	<b>8.7</b>	<b>6.4</b>	<b>6.7</b>	<b>5.3</b>	<b>7.5</b>	<b>7.4</b>	<b>11.8</b>	<b>14.7</b>	<b>14.2</b>	<b>13.5</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	0.0	
- Gross CAPEX	-7.4	0.0	-4.3	-1.5	-4.5	-4.1	-5.1	-4.9	-4.7	-4.5	-4.7	-4.5	
<b>Free operating cash flow</b>	<b>-9.8</b>	<b>1.3</b>	<b>4.4</b>	<b>4.8</b>	<b>2.3</b>	<b>1.2</b>	<b>2.3</b>	<b>2.5</b>	<b>7.1</b>	<b>10.2</b>	<b>9.5</b>	<b>9.0</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-9.8	1.3	4.4	4.8	2.3	1.2	2.3	2.5	7.1	10.2	9.5	9.0	113
<b>Discounted FCFF</b>			<b>4.2</b>	<b>4.2</b>	<b>1.8</b>	<b>0.8</b>	<b>1.5</b>	<b>1.5</b>	<b>3.9</b>	<b>5.1</b>	<b>4.3</b>	<b>3.7</b>	<b>46.9</b>
Sum of FCFF present value			78.0	73.8	69.6	67.8	67.0	65.4	64.0	60.1	54.9	50.6	46.9
<b>Enterprise value DCF</b>			<b>78.0</b>										
- Interest bearing debt			-26.5										
+ Cash and cash equivalents			0.0										
-Minorities			0.0										
-Dividend/capital return			0.0										
<b>Equity value DCF</b>			<b>51.5</b>										
<b>WACC</b>													
Tax-% (WACC)			20.0 %										
Target debt ratio (D/(D+E))			30.0 %										
Cost of debt			6.0 %										
Equity Beta			1.40										
Market risk premium			4.75%										
Liquidity premium			2.50%										
Risk free interest rate			2.5 %										
<b>Cost of equity</b>			<b>11.7 %</b>										
<b>Weighted average cost of capital (WACC)</b>			<b>9.6 %</b>										

Cash flow distribution



Source: Inderes

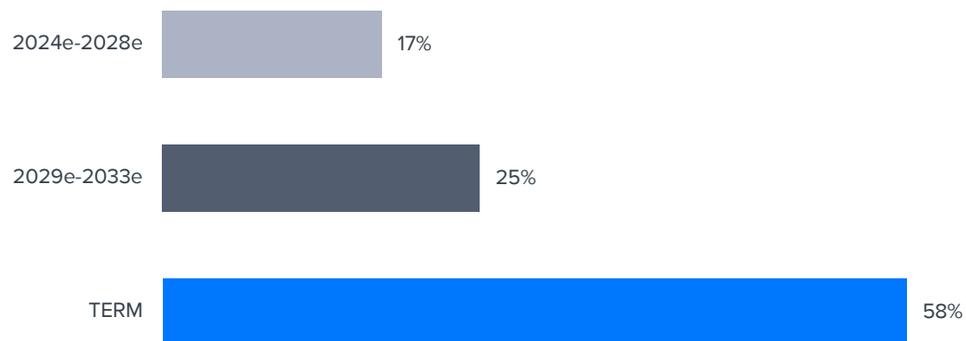
# DCF calculation 2/3

DCF model Indoor Group (IFRS)	2022	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-6.2 %	-3.1 %	-5.0 %	1.0 %	2.5 %	2.5 %	2.5 %	2.0 %	2.0 %	2.0 %	1.5 %	1.0 %	1.0 %
EBIT-%	0.5 %	0.6 %	2.2 %	3.6 %	4.0 %	4.0 %	4.3 %	4.3 %	4.2 %	4.2 %	4.2 %	4.0 %	4.0 %
<b>EBIT (operating profit)</b>	<b>1.0</b>	<b>1.1</b>	<b>3.9</b>	<b>6.4</b>	<b>7.3</b>	<b>7.5</b>	<b>8.3</b>	<b>8.4</b>	<b>8.4</b>	<b>8.6</b>	<b>8.7</b>	<b>8.4</b>	
+ Depreciation	19.3	20.9	16.8	17.0	17.4	17.8	18.3	18.7	19.0	19.4	19.7	19.9	
- Paid taxes	-0.2	-0.2	-0.8	-1.3	-1.5	-1.5	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	
- Change in working capital	-1.6	8.6	-3.8	-1.7	-5.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Operating cash flow</b>	<b>13.7</b>	<b>26.2</b>	<b>16.2</b>	<b>20.4</b>	<b>17.5</b>	<b>23.8</b>	<b>24.9</b>	<b>25.4</b>	<b>25.7</b>	<b>26.3</b>	<b>26.7</b>	<b>26.6</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	0.0	
- Gross CAPEX	-20.9	-20.5	-16.1	-15.1	-16.6	-17.2	-17.7	-17.8	-18.3	-15.2	-20.6	-20.5	
<b>Free operating cash flow</b>	<b>-7.2</b>	<b>5.7</b>	<b>0.1</b>	<b>5.3</b>	<b>0.9</b>	<b>6.7</b>	<b>7.2</b>	<b>7.6</b>	<b>7.5</b>	<b>11.1</b>	<b>6.1</b>	<b>6.1</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-7.2	5.7	0.1	5.3	0.9	6.7	7.2	7.6	7.5	11.1	6.1	6.1	104
<b>Discounted FCFF</b>			<b>0.1</b>	<b>4.8</b>	<b>0.8</b>	<b>5.3</b>	<b>5.3</b>	<b>5.2</b>	<b>4.8</b>	<b>6.7</b>	<b>3.4</b>	<b>3.2</b>	<b>54.8</b>
Sum of FCFF present value			94.3	94.2	89.5	88.7	83.4	78.1	72.9	68.1	61.4	58.0	54.8
<b>Enterprise value DCF</b>			<b>94.3</b>										
- Interest bearing debt			-76.9										
+ Cash and cash equivalents			8.6										
-Minorities			0.0										
-Dividend/capital return			0.0										
<b>Equity value DCF</b>			<b>26.0</b>										

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	75.0 %
Cost of debt	6.5 %
Equity Beta	1.5
Market risk premium	4.75%
Liquidity premium	2.5 %
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>12.1 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>6.9 %</b>

Source: Inderes

## Cash flow distribution



■ 2024e-2028e ■ 2029e-2033e ■ TERM

# DCF calculation 3/3

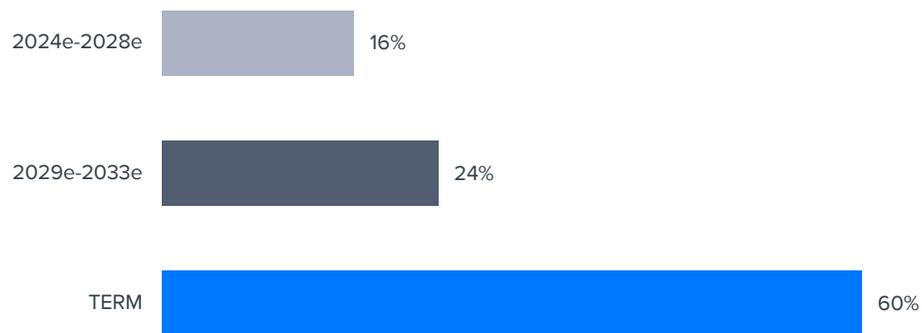
DCF model NRG (FAS)	2022	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	11.0 %	-8.4 %	7.4 %	3.0 %	2.5 %	2.5 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBITDA-%	-4.7 %	5.2 %	6.8 %	5.4 %	4.9 %	4.9 %	4.4 %	4.4 %	4.4 %	4.4 %	4.4 %	4.0 %	4.0 %
<b>EBIT (operating profit)</b>	<b>-8.7</b>	<b>0.9</b>	<b>0.8</b>	<b>0.3</b>	<b>0.1</b>	<b>0.1</b>	<b>0.8</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>1.7</b>	<b>1.5</b>	
+ Depreciation	6.7	1.1	2.0	2.0	2.0	2.0	1.2	0.5	0.5	0.5	0.5	0.5	
- Paid taxes	0.0	-1.5	-0.5	-0.4	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	
- Change in working capital	-0.4	7.2	-3.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Operating cash flow</b>	<b>-1.3</b>	<b>0.0</b>	<b>-1.5</b>	<b>1.9</b>	<b>1.8</b>	<b>1.8</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>	<b>1.8</b>	<b>1.7</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	0.0	
- Gross CAPEX	-0.1	-0.2	-0.4	-0.4	-0.4	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	
<b>Free operating cash flow</b>	<b>-1.5</b>	<b>-0.2</b>	<b>-1.9</b>	<b>1.5</b>	<b>1.3</b>	<b>1.4</b>	<b>1.2</b>	<b>1.2</b>	<b>1.3</b>	<b>1.3</b>	<b>1.3</b>	<b>1.2</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-1.5	-0.2	-1.9	1.5	1.3	1.4	1.2	1.2	1.3	1.3	1.3	1.2	18.8
<b>Discounted FCFF</b>			<b>-1.8</b>	<b>1.3</b>	<b>1.1</b>	<b>1.0</b>	<b>0.8</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.5</b>	<b>8.7</b>
Sum of FCFF present value			14.5	16.3	15.1	14.0	13.0	12.1	11.3	10.6	9.9	9.2	8.7
<b>Enterprise value DCF</b>			<b>14.5</b>										
- Interest bearing debt			-9.8										
+ Cash and cash equivalents			0.3										
-Minorities			0.0										
-Dividend/capital return			0.0										
<b>Equity value DCF</b>			<b>5.1</b>										

## WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	65.0 %
Cost of debt	7.0 %
Equity Beta	1.80
Market risk premium	4.75%
Liquidity premium	2.50%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>13.6 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.4 %</b>

Source: Inderes

## Cash flow distribution

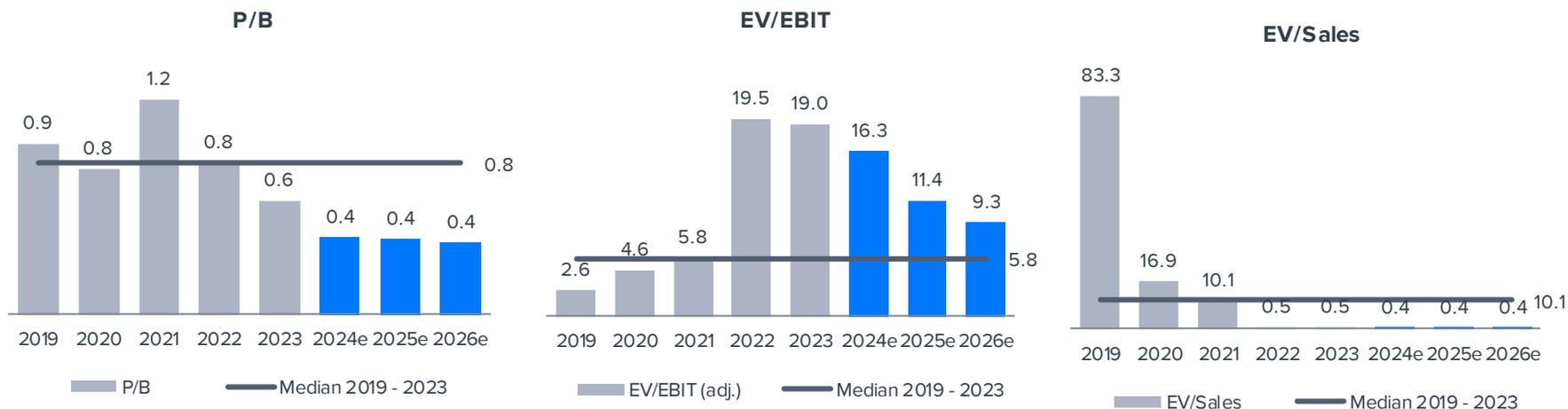


■ 2024e-2028e ■ 2029e-2033e ■ TERM

# Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	1.28	1.08	1.92	1.18	0.81	<b>0.64</b>	<b>0.64</b>	<b>0.64</b>	<b>0.64</b>
Number of shares, millions	57.8	58.0	58.1	58.1	58.1	<b>58.1</b>	<b>58.1</b>	<b>58.1</b>	<b>58.1</b>
Market cap	74	63	112	69	47	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>
EV	42	54	116	232	205	<b>169</b>	<b>158</b>	<b>152</b>	<b>146</b>
P/E (adj.)	5.8	6.3	6.1	5.0	6.5	neg.	<b>19.7</b>	<b>8.8</b>	<b>5.5</b>
P/E	5.8	6.3	6.1	5.0	neg.	>100	<b>19.7</b>	<b>8.8</b>	<b>5.5</b>
P/B	0.9	0.8	1.2	0.8	0.6	<b>0.43</b>	<b>0.42</b>	<b>0.4</b>	<b>0.4</b>
P/S	>100	19.6	9.7	0.2	0.1	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
EV/Sales	83.3	16.9	10.1	0.5	0.5	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.3</b>
EV/EBITDA	2.6	4.6	5.8	19.5	6.4	<b>3.5</b>	<b>4.0</b>	<b>3.6</b>	<b>3.2</b>
EV/EBIT (adj.)	2.6	4.6	5.8	19.5	19.0	<b>16.3</b>	<b>11.4</b>	<b>9.3</b>	<b>7.7</b>
Payout ratio (%)	83.5 %	23.4 %	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>
Dividend yield-%	14.5 %	3.7 %	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>

Source: Inderes



# Income statement

Income statement	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
<b>Revenue</b>	<b>100</b>	<b>100</b>	<b>97.6</b>	<b>105</b>	<b>403</b>	<b>84.2</b>	<b>93.9</b>	<b>98.1</b>	<b>102</b>	<b>378</b>	<b>373</b>	<b>402</b>	<b>439</b>
KH-Koneet	40.5	40.4	32.3	39.1	152	29.2	34.3	34.6	43.0	141	152	175	207
Indoor Group	43.6	44.0	50.6	48.1	186	37.8	42.7	49.6	46.9	177	179	183	188
HTJ	6.1	7.0	6.5	6.6	26.3	6.1	7.2	5.5	0.0	18.8	0.0	0.0	0.0
Nordic Rescue Group	9.9	8.8	8.2	11.4	38.3	11.1	9.7	8.4	11.9	41.1	42.3	43.4	44.5
<b>EBITDA</b>						<b>8.1</b>	<b>9.8</b>	<b>16.6</b>	<b>13.7</b>	<b>48.2</b>	<b>39.5</b>	<b>42.6</b>	<b>45.7</b>
Depreciation						-8.8	-8.8	-8.8	-8.8	-35.2	-25.7	-26.2	-26.8
<b>EBIT (excl. NRI)</b>	<b>1.1</b>	<b>2.9</b>	<b>5.1</b>	<b>1.7</b>	<b>10.8</b>	<b>-0.7</b>	<b>1.0</b>	<b>5.2</b>	<b>4.9</b>	<b>10.4</b>	<b>13.9</b>	<b>16.4</b>	<b>18.9</b>
<b>EBIT</b>	<b>1.1</b>	<b>0.9</b>	<b>-6.8</b>	<b>1.7</b>	<b>-3.1</b>	<b>-0.7</b>	<b>1.0</b>	<b>7.8</b>	<b>4.9</b>	<b>13.0</b>	<b>13.9</b>	<b>16.4</b>	<b>18.9</b>
KH-Koneet	1.8	2.0	2.0	3.2	9.0	-0.4	1.2	1.6	2.6	5.0	7.3	9.1	11.4
Indoor Group	-0.6	-1.5	2.6	0.6	1.1	-0.3	-0.9	3.0	2.1	3.9	6.4	7.3	7.5
HTJ	0.4	0.6	1.0	0.6	2.6	0.1	0.5	0.6	0.0	1.2	0.0	0.0	0.0
Nordic Rescue Group	0.1	0.6	0.3	0.9	1.9	0.7	0.6	0.5	0.7	2.4	1.9	1.7	1.8
Unallocated items	-0.6	-0.8	-12.7	-3.6	-17.7	-0.7	-0.5	2.2	-0.5	0.5	-1.8	-1.8	-1.8
Net financial items	-2.6	-3.5	-2.1	-4.1	-12.3	-3.0	-2.9	-2.9	-2.9	-11.7	-9.6	-8.9	-7.7
<b>PTP</b>	<b>-1.5</b>	<b>-2.6</b>	<b>-8.9</b>	<b>-2.4</b>	<b>-15.4</b>	<b>-3.6</b>	<b>-1.9</b>	<b>4.9</b>	<b>2.0</b>	<b>1.4</b>	<b>4.2</b>	<b>7.5</b>	<b>11.1</b>
Taxes	0.5	0.4	2.2	0.2	3.3	0.3	0.4	-1.0	-0.4	-0.7	-0.8	-1.5	-2.2
Minority interest	0.0	1.2	3.2	0.8	5.2	0.5	-0.1	-0.5	-0.4	-0.5	-1.5	-1.8	-2.2
<b>Net earnings</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-3.2</b>	<b>-1.5</b>	<b>-6.7</b>	<b>-2.8</b>	<b>-1.6</b>	<b>3.4</b>	<b>1.2</b>	<b>0.2</b>	<b>1.9</b>	<b>4.2</b>	<b>6.7</b>
<b>EPS (adj.)</b>	<b>-0.02</b>	<b>0.02</b>	<b>0.15</b>	<b>-0.03</b>	<b>0.12</b>	<b>-0.05</b>	<b>-0.03</b>	<b>0.01</b>	<b>0.02</b>	<b>-0.04</b>	<b>0.03</b>	<b>0.07</b>	<b>0.12</b>

Key figures	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
<b>Revenue growth-%</b>					<b>5.0 %</b>	<b>-15.9 %</b>	<b>-6.3 %</b>	<b>0.5 %</b>	<b>-3.3 %</b>	<b>-6.2 %</b>	<b>-1.2 %</b>	<b>7.6 %</b>	<b>9.3 %</b>
<b>Adjusted EBIT growth-%</b>					<b>3.2 %</b>	<b>-160.0 %</b>	<b>-64.9 %</b>	<b>1.3 %</b>	<b>187.8 %</b>	<b>-3.5 %</b>	<b>33.0 %</b>	<b>18.2 %</b>	<b>15.2 %</b>
<b>EBITDA-%</b>					<b>1.9 %</b>	<b>9.7 %</b>	<b>10.5 %</b>	<b>16.9 %</b>	<b>13.5 %</b>	<b>12.8 %</b>	<b>10.6 %</b>	<b>10.6 %</b>	<b>10.4 %</b>
<b>Adjusted EBIT-%</b>	<b>1.1 %</b>	<b>2.9 %</b>	<b>5.2 %</b>	<b>1.6 %</b>	<b>2.7 %</b>	<b>-0.8 %</b>	<b>1.1 %</b>	<b>5.3 %</b>	<b>4.8 %</b>	<b>2.8 %</b>	<b>3.7 %</b>	<b>4.1 %</b>	<b>4.3 %</b>
<b>Net earnings-%</b>	<b>-1.0 %</b>	<b>-1.0 %</b>	<b>-3.3 %</b>	<b>-1.4 %</b>	<b>-1.7 %</b>	<b>-3.3 %</b>	<b>-1.7 %</b>	<b>3.4 %</b>	<b>1.2 %</b>	<b>0.0 %</b>	<b>0.5 %</b>	<b>1.0 %</b>	<b>1.5 %</b>

Source: Inderes

# Balance sheet

Assets	2022	2023	2024e	2025e	2026e
<b>Non-current assets</b>	<b>213</b>	<b>213</b>	<b>209</b>	<b>205</b>	<b>206</b>
Goodwill	37.7	39.9	39.9	39.9	39.9
Intangible assets	65.3	63.8	62.3	60.7	59.1
Tangible assets	104	103	103	105	107
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	0.8	0.7	0.0	0.0	0.0
Deferred tax assets	5.2	5.3	3.9	0.0	0.0
<b>Current assets</b>	<b>164</b>	<b>135</b>	<b>125</b>	<b>121</b>	<b>131</b>
Inventories	112	100.0	92.6	89.6	96.4
Other current assets	7.3	0.0	0.0	0.0	0.0
Receivables	18.8	23.7	13.2	13.1	14.1
Cash and equivalents	26.4	11.1	18.9	18.7	20.1
<b>Balance sheet total</b>	<b>377</b>	<b>348</b>	<b>334</b>	<b>327</b>	<b>337</b>

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
<b>Equity</b>	<b>87.8</b>	<b>79.3</b>	<b>87.0</b>	<b>88.8</b>	<b>93.1</b>
Share capital	15.2	15.2	15.2	15.2	15.2
Retained earnings	53.4	46.6	46.8	48.7	52.9
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	13.0	12.9	12.9	12.9	12.9
Other equity	0.0	0.0	12.1	12.1	12.1
Minorities	6.2	4.7	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>128</b>	<b>122</b>	<b>107</b>	<b>99.9</b>	<b>97.3</b>
Deferred tax liabilities	15.7	12.7	12.7	12.7	12.7
Provisions	0.0	0.1	0.0	0.0	0.0
Interest bearing debt	110	106	90.6	83.7	81.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	2.5	3.6	3.6	3.6	3.6
<b>Current liabilities</b>	<b>161</b>	<b>147</b>	<b>140</b>	<b>138</b>	<b>146</b>
Interest bearing debt	74.4	60.4	60.4	55.8	54.0
Payables	86.4	86.2	79.4	82.2	92.4
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>377</b>	<b>348</b>	<b>334</b>	<b>327</b>	<b>337</b>

# Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	11.5	428.9	403.2	<b>378.0</b>	<b>373.4</b>	EPS (reported)	0.32	0.24	-0.11	<b>0.00</b>	<b>0.03</b>
EBITDA	20.2	11.9	31.9	<b>48.2</b>	<b>39.5</b>	EPS (adj.)	0.32	0.24	0.12	<b>-0.04</b>	<b>0.03</b>
EBIT	20.2	11.9	-3.1	<b>13.0</b>	<b>13.9</b>	OCF / share	0.43	-0.64	0.75	<b>0.99</b>	<b>0.80</b>
PTP	20.2	11.7	-15.4	<b>1.4</b>	<b>4.2</b>	FCF / share	0.43	-4.17	0.17	<b>0.43</b>	<b>0.35</b>
Net Income	18.4	13.8	-6.7	<b>0.2</b>	<b>1.9</b>	Book value / share	1.61	1.40	1.29	<b>1.50</b>	<b>1.53</b>
Extraordinary items	0.0	0.0	-13.9	<b>2.6</b>	<b>0.0</b>	Dividend / share	0.00	0.00	0.00	<b>0.00</b>	<b>0.00</b>
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	113.3	377.0	347.7	<b>333.6</b>	<b>326.7</b>	Revenue growth-%	259%	3630%	-6%	<b>-6%</b>	<b>-1%</b>
Equity capital	93.5	87.8	79.3	<b>87.0</b>	<b>88.8</b>	EBITDA growth-%	73%	-41%	168%	<b>51%</b>	<b>-18%</b>
Goodwill	0.0	37.7	39.9	<b>39.9</b>	<b>39.9</b>	EBIT (adj.) growth-%	73%	-41%	-9%	<b>-4%</b>	<b>33%</b>
Net debt	4.7	158.2	154.9	<b>132.1</b>	<b>120.8</b>	EPS (adj.) growth-%	86%	-25%	-48%	<b>-133%</b>	<b>-178%</b>
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	175.7 %	2.8 %	7.9 %	<b>12.8 %</b>	<b>10.6 %</b>
EBITDA	20.2	11.9	31.9	<b>48.2</b>	<b>39.5</b>	EBIT (adj.)-%	175.7 %	2.8 %	2.7 %	<b>2.8 %</b>	<b>3.7 %</b>
Change in working capital	4.8	-55.7	14.0	<b>11.0</b>	<b>5.9</b>	EBIT-%	175.7 %	2.8 %	-0.8 %	<b>3.4 %</b>	<b>3.7 %</b>
Operating cash flow	24.9	-37.3	43.4	<b>57.6</b>	<b>46.6</b>	ROE-%	21.5 %	15.8 %	-8.5 %	<b>0.2 %</b>	<b>2.1 %</b>
CAPEX	-0.2	-207.3	-35.1	<b>-32.5</b>	<b>-26.1</b>	ROI-%	22.8 %	6.4 %	-1.2 %	<b>5.4 %</b>	<b>5.9 %</b>
Free cash flow	24.7	-242.1	9.8	<b>24.9</b>	<b>20.5</b>	Equity ratio	82.5 %	23.3 %	22.8 %	<b>26.1 %</b>	<b>27.2 %</b>
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	5.0 %	180.2 %	195.2 %	<b>152.0 %</b>	<b>136.0 %</b>
EV/S	10.1	0.5	0.5	<b>0.4</b>	<b>0.4</b>						
EV/EBITDA	5.8	19.5	6.4	<b>3.5</b>	<b>4.0</b>						
EV/EBIT (adj.)	5.8	19.5	19.0	<b>16.3</b>	<b>11.4</b>						
P/E (adj.)	6.1	5.0	6.5	<b>neg.</b>	<b>19.7</b>						
P/B	1.2	0.8	0.6	<b>0.4</b>	<b>0.4</b>						
Dividend-%	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>						

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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
12/15/2021	Accumulate	2.00 €	1.94 €
3/4/2022	Buy	1.80 €	1.52 €
3/17/2022	Accumulate	1.80 €	1.64 €
5/6/2022	Buy	1.80 €	1.36 €
8/18/2022	Accumulate	1.50 €	1.29 €
11/4/2022	Buy	1.40 €	1.14 €
12/16/2022	Buy	1.40 €	1.17 €
2/21/2023	Accumulate	1.35 €	1.20 €
3/1/2023	Accumulate	1.20 €	1.08 €
5/5/2023	Buy	1.20 €	1.03 €
8/18/2023	Accumulate	1.05 €	0.95 €
<i>Analyst changed</i>			
10/30/2023	Accumulate	0.90 €	0.77 €
11/2/2023	Accumulate	0.90 €	0.79 €
3/11/2024	Accumulate	0.80 €	0.68 €
3/22/2024	Accumulate	0.95 €	0.85 €
5/2/2024	Accumulate	0.80 €	0.70 €
5/7/2024	Reduce	0.65 €	0.61 €
6/10/2024	Accumulate	0.72 €	0.64 €



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