

NIBE Industrier B

Company report

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Patience is key as recovery takes time

NIBE's Q1 results were operationally below our expectations, and we have lowered our short-term estimates. However, the company's outlook shows signs of a recovery in the destocking situation in H2'24, but overall the current year will still be challenging. Eventually, the market will pick up and the normalization of capacity utilization and the cost savings program should provide leverage for profitability improvements in the medium term. In our view, given the ongoing uncertainties in the operating environment and current interest rate expectations, the stock is already sufficiently priced in for earnings growth (2025e P/E: 30x). As a result, we reiterate our Reduce recommendation with a lowered target price of SEK 55.0 (prev. SEK 56.0).

Revenue and earnings development lower than our expectations in Q1

NIBE's Q1 revenue fell by 19% year-on-year (including some 5% from acquisitions) to 9.5 BNSEK, below both our and consensus estimates. The decline was heavier than expected due to the destocking situation hitting demand more than anticipated. NIBE reported a negative operating profit of 0.6 BNSEK, mainly due to restructuring expenses totaling around 1.1 BNSEK. Adjusted for these expenses, EBIT fell by approximately 70% to 0.5 BNSEK, significantly below our and consensus forecasts. The decrease in profitability (Q1'24: EBIT-% adj. 5% vs Q1'23: 15%) is linked to a sharp decline in sales volumes, while at the same time the company is equipped for larger volumes.

We have revised our estimates to reflect a slower pickup than earlier anticipated

Although NIBE does not give specific numerical guidance, its comments on the short-term outlook appear more optimistic than in the fourth quarter. NIBE has indicated that the destocking situation is likely to be resolved by Q2 and that production volumes will gradually increase during the second half of the year. Although we believe that the market will bottom out in H1'24, we expect the recovery to be slower than previously anticipated. We expect a gradual recovery to become more evident in late 2024 and throughout 2025, particularly as destocking comes to an end and interest rates potentially begin to fall (which should boost demand). As a result, we have lowered our 2024 and 2025 revenue estimates by approximately 7-8%, while leaving our long-term estimates relatively unchanged due to our optimism about growth prospects. We have also reduced our near-term EBIT adjustments due to lower operating leverage and a larger inventory drawdown than originally estimated. In addition, lower sales are expected to result in near-term capacity underutilization. Looking ahead, we expect NIBE's earnings to improve from 2025 onwards as inventory levels stabilize, economic conditions recover and demand increases, supported by potentially lower interest rates and savings from the cost-cutting program.

High earnings growth already priced into the valuation

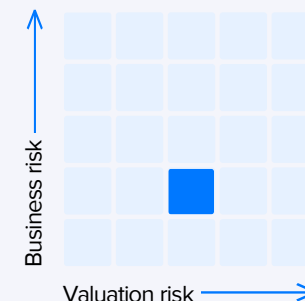
NIBE's adjusted earnings multiples for 2024 are very high, while the P/E (adjusted) is 72x and the EV/EBIT (adjusted) is 38x. It should be noted, however, that NIBE's 2024 earnings are well below their potential due to the challenging market. We consider next year's multiples (2025 P/E: 30x and EV/EBIT: 23x) to be quite neutral, and attractive valuation signals can only be found in 2026 multiples (2026e: P/E: 23x), even though the forecast includes substantial and still uncertain earnings improvements. The DCF is also lower than the current share price. Overall, we believe the stock is fairly priced for an earnings turnaround and that a larger upside for the stock would require a sharper turnaround in 2024-2025 than we already expect.

Recommendation

Reduce
(prev. Reduce)

55.0 SEK
(prev. 56.0 SEK)

Share price:
61.3



Key indicators

	2023	2024e	2025e	2026e
Revenue	46,649	43,412	46,708	52,068
growth-%	16%	-7%	8%	11%
EBIT adj.	7,069	3,757	5,953	7,441
EBIT-% adj.	15.2 %	8.7 %	12.7 %	14.3 %
Net Income	4,785	826	4,128	5,484
EPS (adj.)	2.42	0.85	2.05	2.72

P/E (adj.)	29.2	71.8	29.9	22.5
P/B	5.2	4.6	4.1	3.6
Dividend yield-%	0.9 %	0.7 %	1.0 %	1.4 %
EV/EBIT (adj.)	22.7	37.5	23.1	18.0
EV/EBITDA	18.2	30.1	17.1	13.9
EV/S	3.4	3.2	2.9	2.6

Source: Inderes

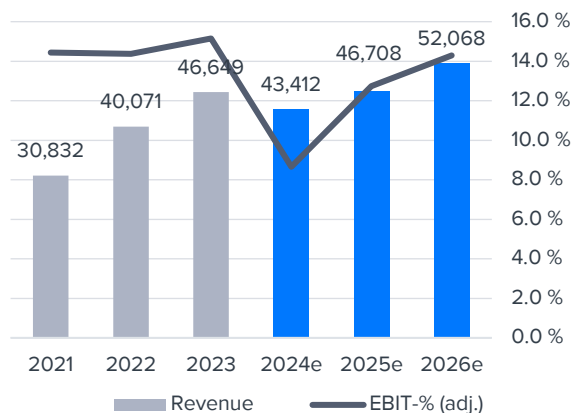
Guidance (NIBE provides no guidance)

Share price



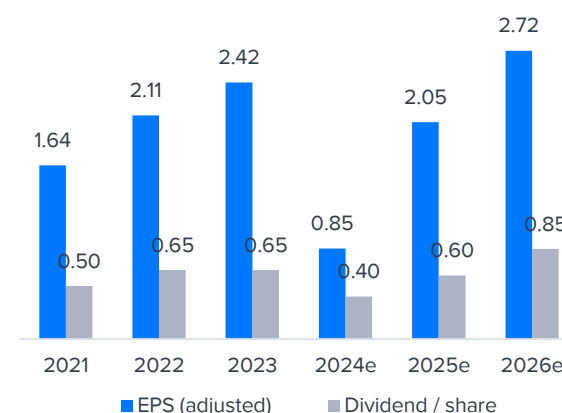
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Strong market position and globally well-known brands
- Good long-term prospects for renewable energy-based systems
- Energy efficiency investments support growth
- Vertical and horizontal synergies create efficiency and reduce costs



Risk factors

- Declining new construction market and uncertainty regarding future heat pump subsidies
- Somewhat cyclical demand in Element business area
- Stabilizing energy prices
- Risks generated by acquisitions and/or expansion investments

Valuation	2024e	2025e	2026e
Share price	61.3	61.3	61.3
Number of shares, millions	2,016	2,016	2,016
Market cap	123,585	123,585	123,585
EV	140,689	137,563	133,718
P/E (adj.)	71.8	29.9	22.5
P/E	>100	29.9	22.5
P/B	4.6	4.1	3.6
P/S	2.8	2.6	2.4
EV/Sales	3.2	2.9	2.6
EV/EBITDA	30.1	17.1	13.9
EV/EBIT (adj.)	37.5	23.1	18.0
Payout ratio (%)	97.6 %	29.3 %	31.2 %
Dividend yield-%	0.7 %	1.0 %	1.4 %

Source: Inderes

First quarter figures below our expectations

Growth fell sharply, as expected, but faster than anticipated

NIBE's Q1 revenue fell by 19% year-on-year to 9.5 BNSEK, below both our and consensus estimates. Adjusted for acquisitions (5-6% of total growth), revenue declined by 24%. Climate Solutions (Q1'24: 5.8 BNSEK), the key area for expectations, showed negative organic growth of 32 %. The decline was heavier than expected due to the destocking situation hitting demand more than anticipated. However, Stoves (Q1'24: 1.1 BNSEK) and Element (Q1'24: 2.7 BNSEK) were only slightly below our estimates in absolute terms.

It is clear that challenges remained in all segments during the quarter due to high interest rates, weak consumer confidence and the need to reduce inventory levels. Negative trends continued in the European heat pump market due to factors such as unfavorable gas/electricity price ratios and some

subsidy uncertainty. The North American market, however, was more stable, partly due to favorable US subsidy programs.

EBIT down due to lower sales volumes and one-offs

In Q1, NIBE reported a negative operating profit of 0.6 BNSEK, mainly due to restructuring expenses totaling around 1.1 BNSEK. Costs for the savings program surpassed earlier estimates, reaching 0.9 BNSEK. However, the company anticipates these actions to yield about 0.2 BNSEK more in savings than previously expected, which we view positively. Adjusted for these expenses, EBIT fell by approximately 70% to 0.5 BNSEK, significantly below our and consensus forecasts. The decrease in profitability (Q1'24: EBIT-% adj. 5% vs Q1'23: 15%) is linked to a sharp decline in sales volumes, resulting in lower capacity utilization. Adjusted EPS dropped to SEK 0.02 per share, also below our projections. The increase in net financial costs was driven by rising interest rates.

Weak cash flow, but still solid balance sheet

From a cash flow perspective, the report was obviously weak (-259 MSEK in operating cash flow) due to the rather low operating EBITDA. However, on a positive note, the company managed to reduce the high inventory levels, which started to have an impact in the quarter, and overall the change in working capital was slightly positive. However, inventory turns have not yet returned to pre-pandemic levels. As a result, the change in inventory has the potential to continue to support cash flow in the future.

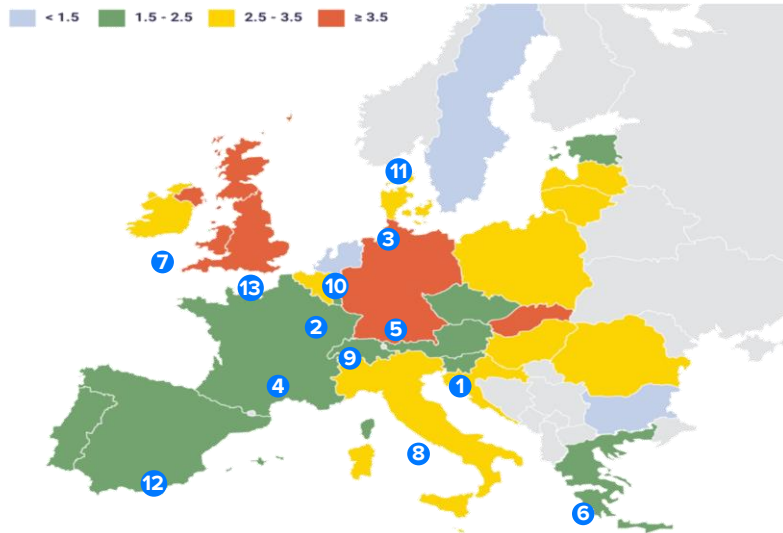
The equity ratio was 44% at the end of Q1, well above the target of at least 30%. Due to the decline in rolling profit and high capital expenditures, the net debt/EBITDA ratio continued to increase and stood at 2.5 (excluding one-offs) at the end of Q1. However, we still consider the balance sheet to be quite strong and improving profits can provide more firepower for future acquisitions.

Estimates	Q1'23	Q1'24	Q1'24e	Q1'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	11,646	9,494	10,998	10,429	9,260	- 11,801	-14%	47,084
EBIT (adj.)	1,785	516	1,189	0	0	- 0	-57%	6,077
EBIT	1,755	-579	289	775	-303	- 1,608	-300%	5,177
PTP	1,654	-911	109	200	-528	- 660	-935%	4,533
EPS (adj.)	0.64	0.02	0.48	0.38	0.15	- 0.59	-96%	2.19
Revenue growth-%	33.1%	-18.5%	-5.6%	-10.4%	-20.5%	- 1.3%	-12.9 pp	-6.9%
EBIT-%	15.3%	0.0%	10.8%	0.0%	0.0%	- 0.0%	-10.8 pp	12.9%

Source: Inderes & Bloomberg (consensus 10.05.24, 14 analysts) (consensus)

European heat pump market figures

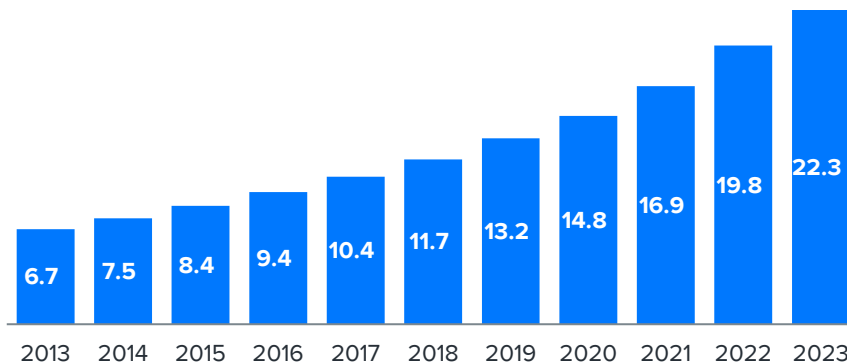
Electricity to gas price ratio¹



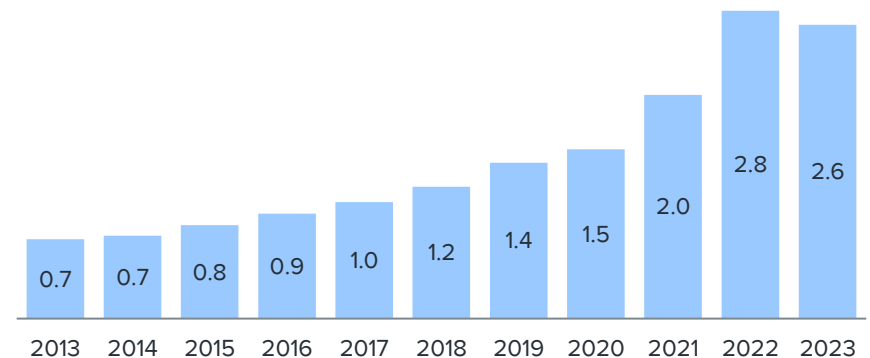
Current or announced bans on fossil fuel heating²

- 1 Austria:** Oil: new homes banned since 2020. Gas: planned for new buildings from 2024.
- 2 Belgium:** Oil: banned in all buildings in some regions. All buildings in Brussels from 2025.
- 3 Denmark:** Fossil fuel boilers banned in district heating areas in new and existing buildings.
- 4 France:** Oil: banned in all buildings since 2022. Gas: in new single-family buildings since 2022 & new multi-family houses from 2025.
- 5 Germany:** New heating systems to use 65% or more renewable energy from 2024.
- 6 Greece:** Oil boilers sales and installation banned in all buildings from 2025.
- 7 Ireland:** Fossil fuel boiler ban planned for new non-residential buildings from 2024.
- 8 Italy:** New buildings must use 60% renewables for heating since 2022.
- 9 Luxembourg:** Building requirements make oil and gas impossible for new buildings since 2023.
- 10 Netherlands:** Gas: banned in new buildings & planned in all from 2026.
- 11 Norway:** Fossil fuel heating banned in new buildings. Oil banned in all buildings.
- 12 Spain:** New buildings must use 70% renewables for domestic hot water and pool heating.
- 13 UK:** England: fossil fuel boiler planned for new buildings from 2025. Scotland: Oil and gas planned for new buildings from 2024.

Heat pump stock in EU-21 (millions)²



Annual sales of heat pumps in EU-14 (millions)⁴



1 Source: Eurostat and EHPA, prices are for H2'22

2 Source: EHPA, Inderes

4 Source; EHPA, Inderes. Countries included: AT, BE, CH, DE, DK, ES, FI, FR, IT, NL, NO, PL, SE.

Adjusted estimates to reflect the slower than expected pickup

Short-term outlook more positive than expected

While NIBE did not provide specific numerical guidance, we believe that the company painted a more optimistic picture of the near-term outlook compared to Q4. NIBE indicated that the destocking situation is likely to resolve by Q2, with manufacturing volumes expected to gradually improve throughout the second half of the year. This stance was slightly more upbeat than we had expected, as we had perceived the company to adopt a more cautious approach in the short term during Q4, hinting that the weak trend might persist throughout the year.

In our view, the main risks for NIBE continue to be related to demand, and in particular to global economic conditions. We are aware of these risks, but the latest global macroeconomic data suggest that they have not increased significantly. Therefore, despite the uncertainties in the macroeconomic environment, we believe there is a good chance of a

recovery from H2'24, albeit at a slow pace and from weaker comparison figures, especially in Q4'23.

Revenue estimates adjusted to reflect slower pickup

While we expect the market to bottom in H1'24, the pace of the recovery will be slower than we previously expected. We expect a gradual recovery to become more evident in late 2024 and throughout 2025, particularly as destocking comes to an end and interest rates are likely to start to fall. In addition, we believe that newly announced subsidy programs for 2024 in key countries such as Germany are likely to support end-user demand. As a result, we have adjusted our 2024 and 2025 revenue estimates by around 7-8%, but have left our long-term estimates relatively unchanged. We remain optimistic about long-term growth prospects, driven by increasing awareness of energy efficiency, government incentives for renewable energy, and growing adoption of sustainable heating solutions.

We adjust our short-term profitability estimates

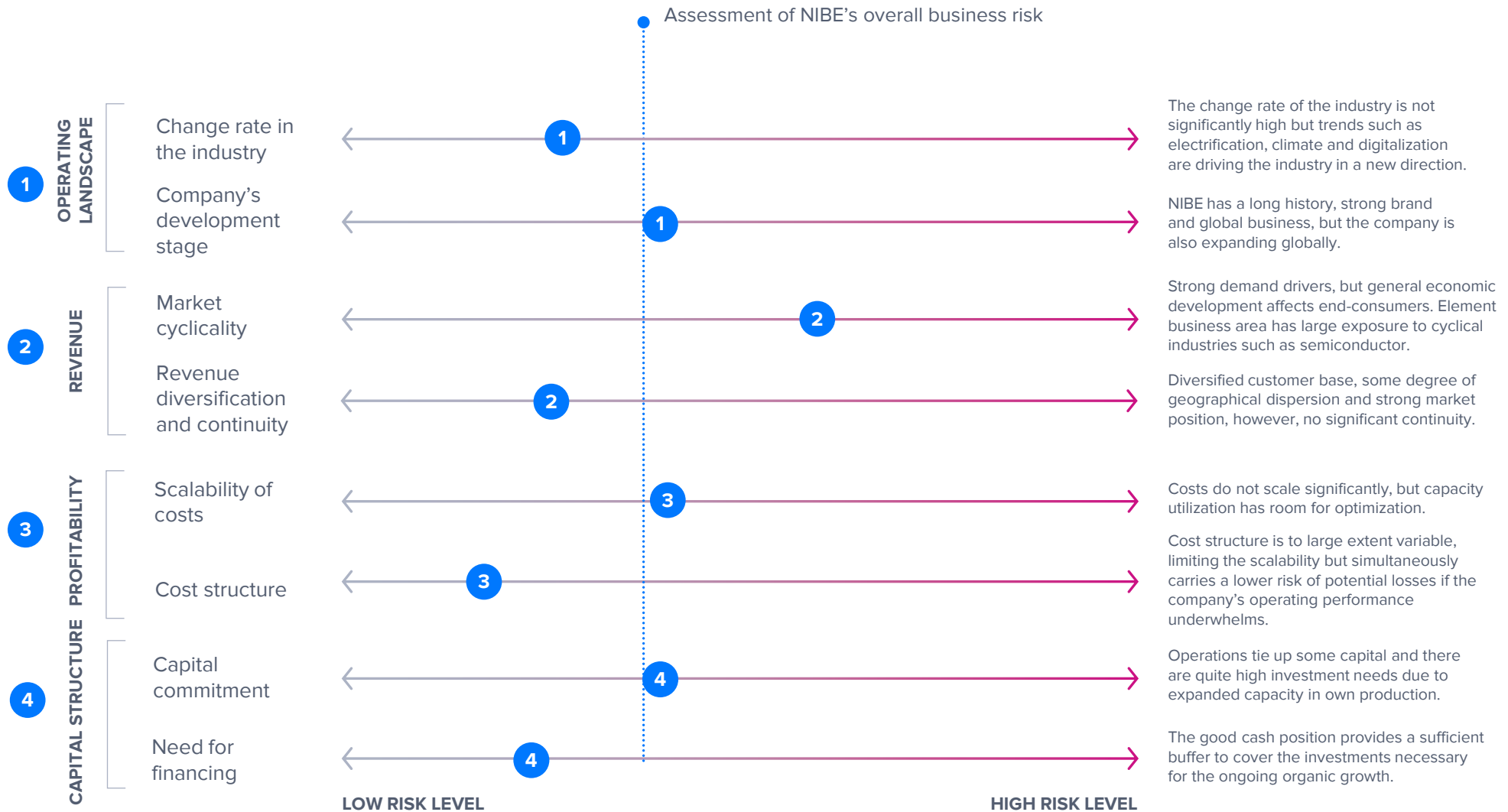
Following the weak report, we have revised our profitability estimates. Our near-term EBIT adjustments are due to lower operating leverage and a more pronounced destocking than originally anticipated. In addition, lower sales are expected to lead to capacity underutilization, although this will be partially mitigated by the cost savings program.

In its Q1 report NIBE stated that, as a result of its restructuring efforts and improving demand, it aims to return margins to historical levels by 2025. This is in line with our estimates and we therefore leave our long-term profitability assumptions relatively unchanged.

Estimate revisions	2024e		Change	2025e		Change	2026e		Change
	Old	New		Old	New		Old	New	
MSEK / SEK			%			%			%
Revenue	47,084	43,412	-8%	50,100	46,708	-7%	53,477	52,068	-3%
EBITDA	7,142	4,670	-35%	9,253	8,023	-13%	9,961	9,629	-3%
EBIT (exc. NRIs)	6,077	3,757	-38%	7,110	5,953	-16%	7,807	7,441	-5%
EBIT	5,177	2,662	-49%	7,110	5,953	-16%	7,807	7,441	-5%
PTP	4,533	1,750	-61%	6,581	5,334	-19%	7,403	7,038	-5%
EPS (excl. NRIs)	2.19	0.85	-61%	2.54	2.05	-19%	2.86	2.72	-5%
DPS	0.55	0.40	-27%	0.80	0.60	-25%	0.90	0.85	-6%

Source: Inderes

Risk profile of the business model



Recommendation remains unchanged

Valuation multiples are high for the coming years

Considering the associated costs of the action program (some 1.1 BNSEK), affecting earnings in 2024, we believe it is more meaningful to look at adjusted earnings multiples. However, we believe that NIBE's adjusted earnings multiples for 2024 are very high, while the P/E (adjusted) is 72x and the EV/EBIT (adjusted) is 38x. It should be noted, however, that NIBE's earnings for 2024 are well below their potential due to the challenging market. If the market situation improves and the earnings turnaround we forecast materializes, the multiples for 2025 (P/E: 30x and EV/EBIT: 23x) are more in line with the company's long-term medians and we see them as quite neutral in relation to the ongoing uncertainties in the operating environment and current interest rate expectations. Attractive valuation signals can only be found at 2026 multiples (2026e: P/E: 23x), even though the forecast includes substantial and still uncertain earnings improvements. In our view, the stock already reflects significant earnings growth expectations, but there are risks associated with increased market competition, which could affect pricing power over time.

Priced to a premium compared to peers

On a relative basis, NIBE is trading at a premium, which we believe is justified given NIBE's high profitability and strong long-term earnings growth. However, we believe that the valuation premium is too high in the medium term, at around 25-30% based on earnings multiples for 2025. Of course, peers' consensus forecasts may be based on a more optimistic market and economic growth scenario than ours.

DCF value relatively in line with the share price

We also believe that the DCF model is a relevant valuation method for NIBE, given the availability of sufficient historical financial information, the stability of the industry, consistent growth and a relatively predictable business. Overall, the model expects NIBE to grow at a high single-digit rate in the medium term and at a mid-single-digit rate in the long term. From a DCF-based valuation perspective, therefore, one year of challenging figures does not affect the valuation too much. However, the value of our DCF model (SEK 55 per share) is lower than the current share price. Therefore, even in a DCF context, the current valuation does not provide a sufficient expected return.

Still thin expected return at current valuations

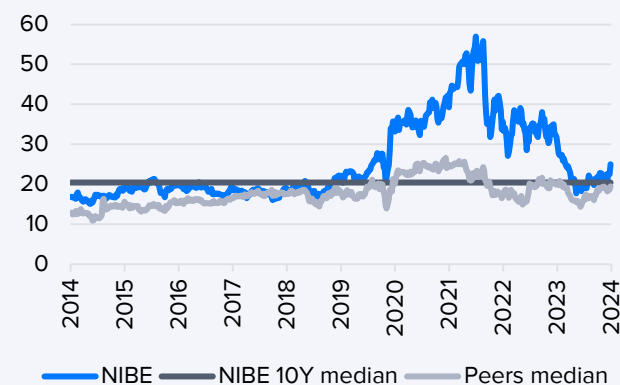
We expect investors to receive an annual dividend yield of 1-2% over the next few years at the current share price, which leaves a thin dividend yield base. The earnings growth driver is turning in the right direction in Q1'25, but the starting level is low and the growth rate is unclear. The share is expensive on an actual earnings basis and in our view NIBE's expected return is lower than the required return. As a result, we reiterate our Reduce recommendation with a lower target price of SEK 55.0 (prev. SEK 56.0).

Despite the current outlook, we continue to see NIBE as a promising long-term investment. Throughout its long history, NIBE has consistently created value and has proven itself in a variety of market scenarios.

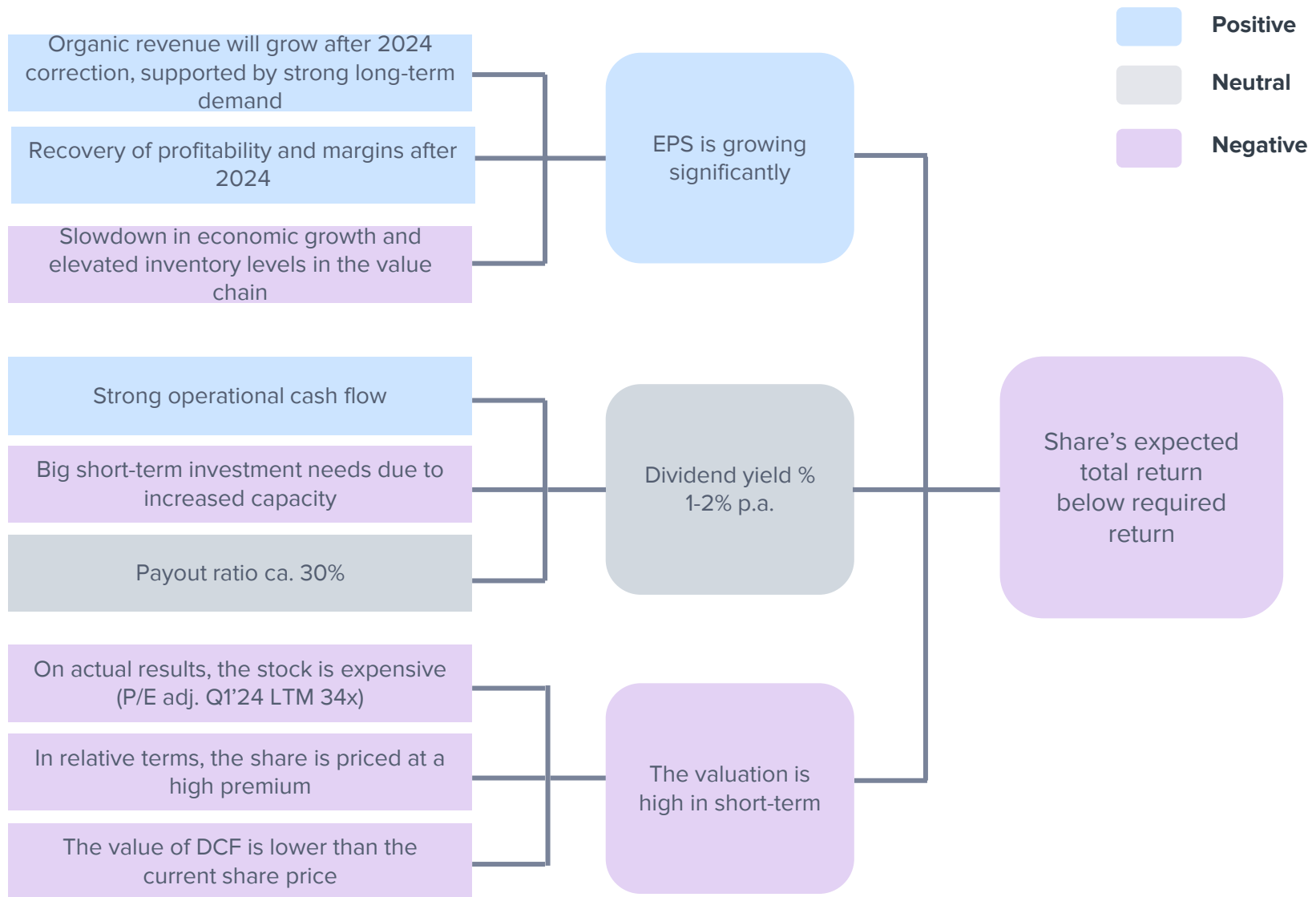
Valuation	2024e	2025e	2026e
Share price	61.3	61.3	61.3
Number of shares, millions	2,016	2,016	2,016
Market cap	123,585	123,585	123,585
EV	140,689	137,563	133,718
P/E (adj.)	71.8	29.9	22.5
P/E	>100	29.9	22.5
P/B	4.6	4.1	3.6
P/S	2.8	2.6	2.4
EV/Sales	3.2	2.9	2.6
EV/EBITDA	30.1	17.1	13.9
EV/EBIT (adj.)	37.5	23.1	18.0
Payout ratio (%)	97.6 %	29.3 %	31.2 %
Dividend yield-%	0.7 %	1.0 %	1.4 %

Source: Inderes

Historical trading multiples, EV/EBIT (NTM)



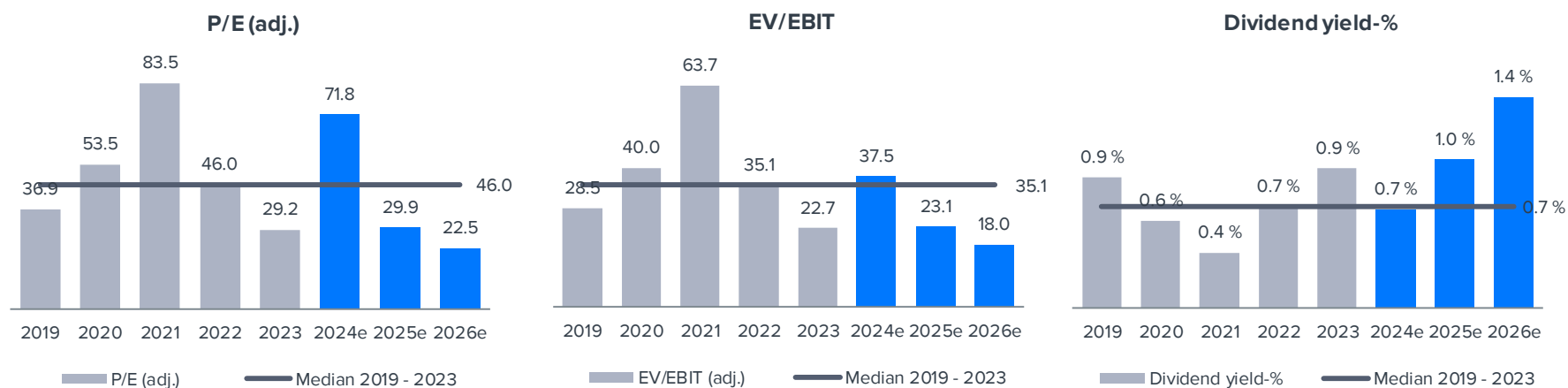
TSR drivers Q1'24-2026e



Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	40.6	67.4	136.8	97.1	70.8	61.3	61.3	61.3	61.3
Number of shares, millions	2,016	2,016	2,016	2,016	2,016	2,016	2,016	2,016	2,016
Market cap	81,852	135,933	275,697	195,760	142,738	123,585	123,585	123,585	123,585
EV	88,114	142,293	283,549	202,352	160,174	140,689	137,563	133,718	129,678
P/E (adj.)	36.9	53.5	83.5	46.0	29.2	71.8	29.9	22.5	19.8
P/E	37.7	47.4	83.0	45.0	29.8	>100	29.9	22.5	19.8
P/B	4.7	7.7	12.9	7.0	5.2	4.6	4.1	3.6	3.2
P/S	3.2	5.0	8.9	4.9	3.1	2.8	2.6	2.4	2.2
EV/Sales	3.5	5.2	9.2	5.0	3.4	3.2	2.9	2.6	2.3
EV/EBITDA	21.6	27.8	49.2	27.1	18.2	30.1	17.1	13.9	12.4
EV/EBIT (adj.)	28.5	40.0	63.7	35.1	22.7	37.5	23.1	18.0	15.7
Payout ratio (%)	32.5 %	27.3 %	30.4 %	30.1 %	27.4 %	97.6 %	29.3 %	31.2 %	30.0 %
Dividend yield-%	0.9 %	0.6 %	0.4 %	0.7 %	0.9 %	0.7 %	1.0 %	1.4 %	1.5 %

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
Kone	27,073	26,553	19.7	18.1	16.3	15.2	2.4	2.3	25.3	23.3	3.6	3.8	9.2
Assa Abloy	29,882	35,642	17.0	15.8	14.1	13.2	2.7	2.6	22.0	19.7	1.9	2.1	3.4
Hexagon	28,031	31,379	19.4	17.7	14.8	13.5	5.5	5.2	22.9	20.5	1.3	1.5	2.6
Beijer Ref	7,282	8,008	25.7	23.0	20.4	18.5	2.6	2.4	35.6	30.4	0.9	1.0	3.6
Tomra Systems	3,662	4,008	27.3	19.8	16.8	13.3	3.1	2.7	38.5	26.3	1.3	1.8	5.8
Thule Group	2,984	3,160	21.0	18.2	18.1	16.0	3.7	3.5	26.9	23.0	3.0	3.2	4.6
Munters Group	3,729	4,100	23.4	20.3	18.5	16.2	3.0	2.7	32.1	26.6	0.9	1.0	6.6
Trane Technologies	67,617	71,369	23.6	21.6	21.4	19.6	4.0	3.8	30.9	27.6	1.0	1.1	9.9
Carrier	53,877	68,505	19.0	18.6	15.2	15.1	2.9	3.0	22.8	21.3	1.2	1.3	4.6
Lennox International Inc	16,097	17,356	20.0	17.9	18.2	16.4	3.7	3.4	24.6	21.8	0.9	0.9	22.4
NIBE Industrier B (Inderes)	10,581	12,045	37.5	23.1	30.1	17.1	3.2	2.9	71.8	29.9	0.7	1.0	4.6
Average			21.6	19.1	17.4	15.7	3.4	3.2	28.2	24.1	1.6	1.8	7.3
Median			20.5	18.4	17.5	15.6	3.0	2.8	26.1	23.2	1.2	1.4	5.2
Diff-% to median			83%	26%	72%	10%	6%	4%	175%	29%	-48%	-28%	-12%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	40,071	11,646	11,833	11,514	11,656	46,649	9,494	10,707	11,163	12,048	43,412	46,708	52,068	56,394
Climate Solutions	26,076	7,736	8,122	7,839	7,676	31,373	5,834	6,973	7,269	7,868	27,944	30,564	34,384	37,479
Element	10,925	3,013	2,957	2,945	2,983	11,898	2,711	2,847	2,967	3,102	11,627	12,460	13,582	14,668
Stoves	4,011	1,250	1,086	1,096	1,326	4,758	1,052	1,048	1,150	1,379	4,629	4,852	5,143	5,374
Eliminations	-941	-353	-332	-366	-329	-1,380	-103	-161	-223	-301	-788	-1,168	-1,041	-1,128
EBITDA	7,460	2,153	2,243	2,309	2,092	8,797	-76	1,289	1,618	1,838	4,670	8,023	9,629	10,446
Depreciation	-1,597	-398	-396	-530	-500	-1,824	-503	-490	-500	-515	-2,008	-2,070	-2,188	-2,175
EBIT (excl. NRI)	5,764	1,785	1,827	1,861	1,596	7,069	516	799	1,118	1,323	3,757	5,953	7,441	8,271
EBIT	5,863	1,755	1,847	1,779	1,592	6,973	-579	799	1,118	1,323	2,662	5,953	7,441	8,271
Climate Solutions	4,338	1,353	1,538	1,484	1,221	5,596	-462	523	800	944	1,805	4,427	5,570	6,072
Element	1,123	280	243	235	184	942	-126	213	243	279	610	1,094	1,358	1,614
Stoves	551	165	101	99	168	533	27	84	98	124	333	525	617	699
Eliminations	-149	-43	-35	-39	19	-98	-18	-21	-22	-24	-86	-93	-104	-113
Share of profits in assoc. compan.	21	0	0	0	0	0	0	0	0	20	20	21	21	22
Net financial items	-209	-101	-146	-181	-214	-642	-332	-190	-200	-210	-932	-640	-425	-300
PTP	5,675	1,654	1,701	1,598	1,378	6,331	-911	609	918	1,134	1,750	5,334	7,038	7,993
Taxes	-1,280	-380	-378	-378	-399	-1,535	50	-279	-335	-349	-913	-1,167	-1,516	-1,722
Minority interest	-44	-4	-4	-4	1	-11	4	-5	-5	-5	-11	-38	-38	-38
Net earnings	4,351	1,270	1,319	1,216	980	4,785	-857	325	579	779	826	4,128	5,484	6,233
EPS (adj.)	2.11	0.64	0.64	0.64	0.49	2.42	0.02	0.16	0.29	0.39	0.85	2.05	2.72	3.09
EPS (rep.)	2.16	0.63	0.65	0.60	0.49	2.37	-0.43	0.16	0.29	0.39	0.41	2.05	2.72	3.09

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	30.0 %	33.1 %	22.5 %	15.2 %	-0.1 %	16.4 %	-18.5 %	-9.5 %	-3.0 %	3.4 %	-6.9 %	7.6 %	11.5 %	8.3 %
Adjusted EBIT growth-%	29.5 %	68.7 %	36.2 %	26.7 %	-15.8 %	22.6 %	-71.1 %	-56.3 %	-39.9 %	-17.1 %	-46.9 %	58.5 %	25.0 %	11.1 %
EBITDA-%	18.6 %	18.5 %	19.0 %	20.1 %	17.9 %	18.9 %	-0.8 %	12.0 %	14.5 %	15.3 %	10.8 %	17.2 %	18.5 %	18.5 %
Adjusted EBIT-%	14.4 %	15.3 %	15.4 %	16.2 %	13.7 %	15.2 %	5.4 %	7.5 %	10.0 %	11.0 %	8.7 %	12.7 %	14.3 %	14.7 %
Net earnings-%	10.9 %	10.9 %	11.1 %	10.6 %	8.4 %	10.3 %	-9.0 %	3.0 %	5.2 %	6.5 %	1.9 %	8.8 %	10.5 %	11.1 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	31,842	43,906	43,953	43,993	43,970
Goodwill	17,630	26,076	26,076	26,076	26,076
Intangible assets	4,938	4,938	4,795	4,655	4,771
Tangible assets	8,273	11,568	11,758	11,938	11,800
Associated companies	430	753	753	753	753
Other investments	31	31	31	31	31
Other non-current assets	192	192	192	192	192
Deferred tax assets	348	348	348	348	348
Current assets	22,152	24,198	20,621	24,522	26,815
Inventories	10,191	13,227	9,334	9,575	10,153
Other current assets	0	0	0	0	0
Receivables	7,144	6,688	7,380	7,940	8,852
Cash and equivalents	4,817	4,283	3,907	7,006	7,810
Balance sheet total	53,994	68,104	64,574	68,515	70,785

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	27,973	27,420	26,936	30,257	34,532
Share capital	79	79	79	79	79
Retained earnings	19,286	22,760	22,276	25,597	29,872
Hybrid bonds	0	0	0	0	0
Revaluation reserve	0	0	0	0	0
Other equity	8,570	4,543	4,543	4,543	4,543
Minorities	38	38	38	38	38
Non-current liabilities	12,268	25,119	24,288	22,350	20,537
Deferred tax liabilities	0	0	0	0	0
Provisions	2,787	2,787	2,787	2,787	2,787
Interest bearing debt	6,185	16,922	16,091	14,153	12,340
Convertibles	0	0	0	0	0
Other long term liabilities	3,296	5,410	5,410	5,410	5,410
Current liabilities	13,753	15,565	13,351	15,907	15,717
Interest bearing debt	4,958	4,599	5,102	7,033	5,824
Payables	8,795	10,966	8,248	8,875	9,893
Other current liabilities	0	0	0	0	0
Balance sheet total	53,994	68,104	64,574	68,515	70,785

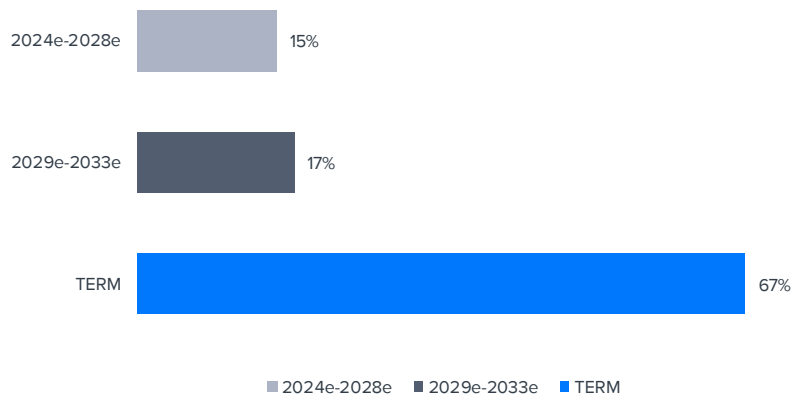
DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	16.4 %	-6.9 %	7.6 %	11.5 %	8.3 %	6.0 %	5.8 %	5.2 %	4.5 %	4.5 %	2.5 %	2.5 %
EBIT-%	14.9 %	6.1 %	12.7 %	14.3 %	14.7 %	15.3 %	15.3 %	15.3 %	15.2 %	15.2 %	15.2 %	15.2 %
EBIT (operating profit)	6,973	2,662	5,953	7,441	8,271	9,146	9,676	10,180	10,568	11,044	11,320	
+ Depreciation	1,824	2,008	2,070	2,188	2,175	2,165	2,156	2,175	2,167	2,165	2,043	
- Paid taxes	-1,535	-913	-1,167	-1,516	-1,722	-1,938	-2,069	-2,177	-2,261	-2,364	-2,432	
- Tax, financial expenses	-156	-205	-141	-92	-65	-38	-22	-22	-22	-22	-13	
+ Tax, financial income	0	0	0	0	0	0	0	0	0	0	0	
- Change in working capital	-409	484	-176	-471	-475	-276	-256	-526	-479	-501	-291	
Operating cash flow	6,697	4,035	6,539	7,551	8,184	9,059	9,487	9,630	9,973	10,322	10,627	
+ Change in other long-term liabilities	2,114	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-13,565	-2,055	-2,110	-2,165	-2,195	-2,215	-2,240	-2,260	-2,280	-2,280	-2,005	
Free operating cash flow	-4,754	1,980	4,429	5,386	5,989	6,844	7,247	7,370	7,693	8,042	8,622	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	-4,754	1,980	4,429	5,386	5,989	6,844	7,247	7,370	7,693	8,042	8,622	174,834
Discounted FCFF		1,892	3,935	4,449	4,600	4,887	4,811	4,549	4,415	4,291	4,278	86,739
Sum of FCFF present value		128,847	126,955	123,019	118,570	113,971	109,084	104,272	99,723	95,308	91,017	86,739
Enterprise value DCF		128,847										
- Interest bearing debt		-21,521										
+ Cash and cash equivalents		4,283										
-Minorities		-175										
-Dividend/capital return		-1,310										
Equity value DCF		110,480										
Equity value DCF per share		54.8										

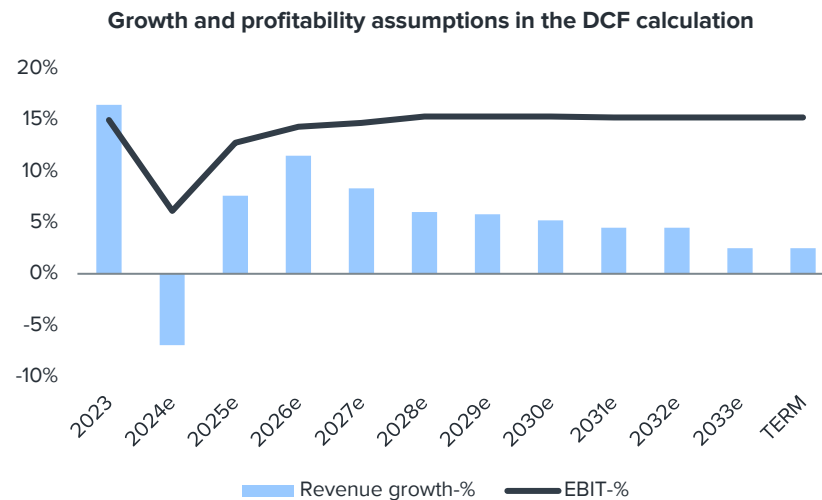
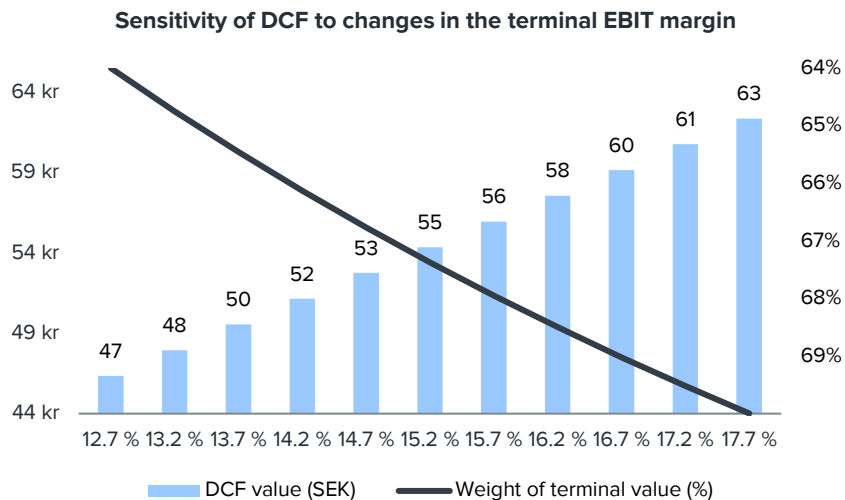
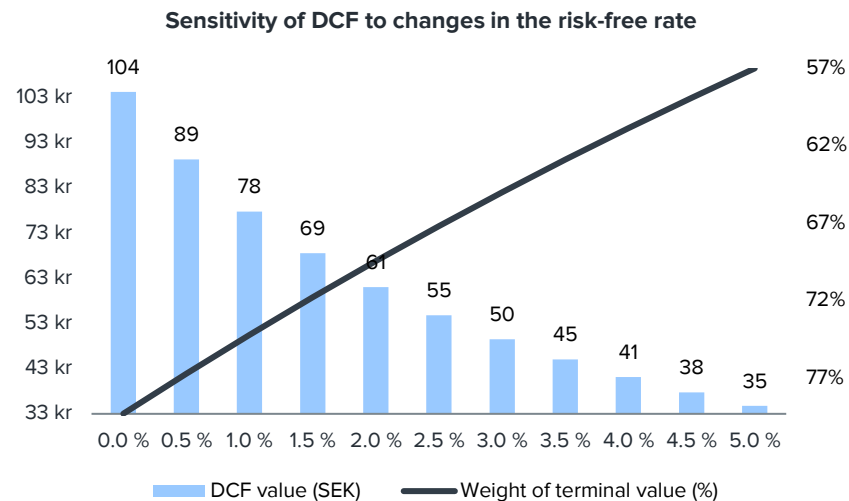
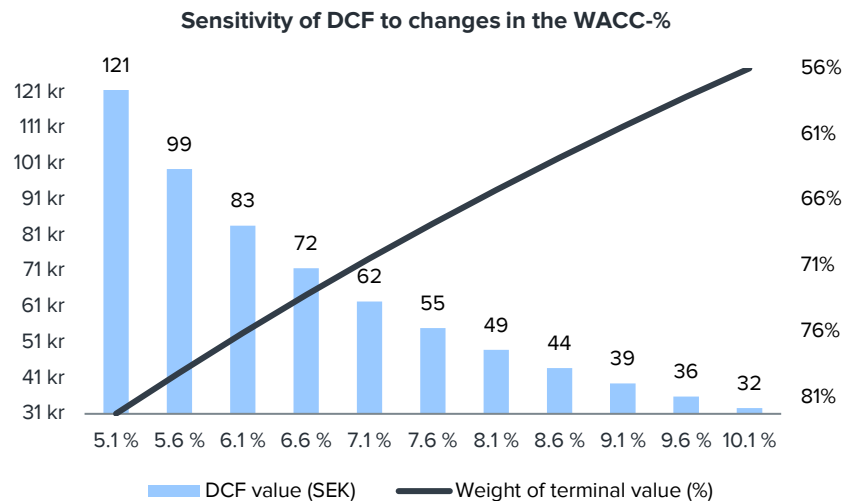
WACC	
Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E))	15.0 %
Cost of debt	5.0 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.2 %
Weighted average cost of capital (WACC)	7.6 %

Source: Inderes

Cash flow distribution



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	30,832	40,071	46,649	43,412	46,708	EPS (reported)	1.65	2.16	2.37	0.41	2.05
EBITDA	5,765	7,460	8,797	4,670	8,023	EPS (adj.)	1.64	2.11	2.42	0.85	2.05
EBIT	4,468	5,863	6,973	2,662	5,953	OCF / share	1.48	1.48	3.32	2.00	3.24
PTP	4,318	5,675	6,331	1,750	5,334	FCF / share	-0.13	-1.34	-2.36	0.98	2.20
Net Income	3,320	4,351	4,785	826	4,128	Book value / share	10.63	13.86	13.58	13.34	14.99
Extraordinary items	17	99	-96	-1,095	0	Dividend / share	0.50	0.65	0.65	0.40	0.60
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	43,394	53,994	68,104	64,574	68,515	Revenue growth-%	14%	30%	16%	-7%	8%
Equity capital	21,657	27,973	27,420	26,936	30,257	EBITDA growth-%	13%	29%	18%	-47%	72%
Goodwill	15,453	17,630	26,076	26,076	26,076	EBIT (adj.) growth-%	25%	29%	23%	-47%	58%
Net debt	5,036	6,326	17,238	17,286	14,180	EPS (adj.) growth-%	30%	29%	15%	-65%	140%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	18.7 %	18.6 %	18.9 %	10.8 %	17.2 %
EBITDA	5,765	7,460	8,797	4,670	8,023	EBIT (adj.)-%	14.4 %	14.4 %	15.2 %	8.7 %	12.7 %
Change in working capital	-1,862	-3,180	-409	484	-176	EBIT-%	14.5 %	14.6 %	14.9 %	6.1 %	12.7 %
Operating cash flow	2,984	2,994	6,697	4,035	6,539	ROE-%	17.0 %	17.6 %	17.3 %	3.0 %	14.5 %
CAPEX	-3,515	-5,983	-13,565	-2,055	-2,110	ROI-%	15.1 %	16.7 %	15.8 %	5.5 %	12.0 %
Free cash flow	-257	-2,696	-4,754	1,980	4,429	Equity ratio	49.9 %	51.8 %	40.3 %	41.7 %	44.2 %
						Gearing	23.3 %	22.6 %	62.9 %	64.2 %	46.9 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	9.2	5.0	3.4	3.2	2.9						
EV/EBITDA (adj.)	49.2	27.1	18.2	30.1	17.1						
EV/EBIT (adj.)	63.7	35.1	22.7	37.5	23.1						
P/E (adj.)	83.5	46.0	29.2	71.8	29.9						
P/B	12.9	7.0	5.2	4.6	4.1						
Dividend-%	0.4 %	0.7 %	0.9 %	0.7 %	1.0 %						

Source: Inderes

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Buy The 12-month risk-adjusted expected shareholder

return of the share is very attractive

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

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

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

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2023-09-20	Reduce	74.1 kr	70.5 kr
2023-11-16	Reduce	62.0 kr	67.5 kr
2023-02-13	Reduce	59.0 kr	66.5 kr
2023-02-19	Reduce	56.0 kr	59.0 kr
2024-05-17	Reduce	55.0 kr	61.3 kr



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