

# Gabriel Holding A/S

## Company report

30.08.2024 08:30 CEST



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# Return to growth in Q3 as momentum builds

Gabriel delivered its first group revenue growth y/y since Q4'21/22 in a sign that momentum may be turning in Gabriel's favour. Guidance was maintained and expected to land in the top end of the interval, and we believe that EBIT guidance is particularly conservative with a 9m Q3'23/24 EBIT result above the top-end interval. Cost cutting and efficiency gains contributed to margin expansion in Q3, which, in combination with positive development in leading macroeconomic and industry indicators suggest that Gabriel is on the turn-around path outlined in our projections. Based on the cyclical low earnings we place greater valuation emphasis on our DCF in the near term but also find peer-based multiples supportive on a FY'24/25e basis. We reiterate our Accumulate recommendation and increase the target price slightly to DKK 300 per share, with a fair value range of DKK 245 – 325.

## Revenue returned to growth coupled with margin expansion from efficiency gains

Gabriel's Q3 revenue grew by 3.5% y/y, against our expectations of a decline of -1.5%. The result was driven by a return to growth of all three business units, Fabrics, SampleMaster, and also the FurnMaster unit which is in a carve-out process. Gross margins also expanded significantly, rising 1.2pp to 35.8% from 34.6%, again above our expectations. The margin improvement was driven by cost savings, productivity improvements, and a favorable product mix. Given that Q3 sales were below Q2 on an absolute basis due to expected seasonality, we don't expect that greater capacity utilization was to blame and maintain assumptions that gross margins can continue climbing as volumes grow.

## Guidance seemingly conservative, but long-term forecast mostly unchanged

Company guidance is suggested towards the top-end after Q3, however, we believe this remains conservative, particularly on an EBIT basis, where Gabriel's 9m 23/24 EBIT of MDKK 19.1 already exceeds the top-end of the guidance interval MDKK 8-15. We see conditions for growth to remain positive y/y in Q4, and thus forecast FY'23/24 EBIT of MDKK 21.1 exceeding this range. However, we assess the Q3 results validate our mid-term assumptions of a turnaround and thus do not materially change our long-term assumptions. While market conditions remain challenged, leading indicators such as rising housing market activity, and growing order volumes from Gabriel customers and industry-leading furniture producer MillerKnoll, still suggest an improving outlook.

## Return to growth and improving margins increasingly likely after Q3, but valuation reflecting caution

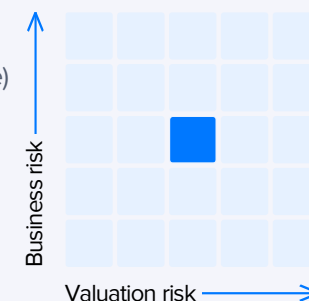
We believe that Gabriel's Q3'23/24 earnings strengthen the case that a turn-around and a return toward more normalized earnings is underway. On this basis, we see a greater likelihood of our long-term DCF value coming to pass, while faster-than-expected margin expansion due to cost-cutting and productivity gains also brings cash flows forward. We also find earnings multiples supportive, with Gabriel's EV/EBITDA, EV/EBIT, and P/E multiples FY'24/25e currently trading below all of our selected Danish-listed cyclical peers. We also deem an FY'24/25e EV/EBIT of 16.0x to be below Gabriel's historical level and with room to expand if the positive momentum continues.

## Recommendation

**Accumulate**  
(prev. Accumulate)

**300 DKK**  
(prev. 295 DKK)

**Share price:**  
DKK 272



## Key indicators

	2023	2024e	2025e	2026e
<b>Revenue</b>	931.2	923.3	986.7	1082.5
<b>growth-%</b>	-13%	-1%	7%	10%
<b>EBIT adj.</b>	15.9	21.1	50.0	75.7
<b>EBIT-% adj.</b>	1.7 %	2.3 %	5.1 %	7.0 %
<b>Net Income</b>	-4.3	2.0	30.7	52.4
<b>EPS (adj.)</b>	-2.29	1.05	16.22	27.72

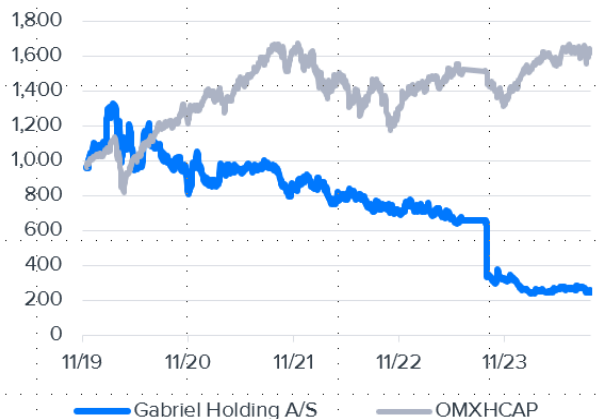
<b>P/E (adj.)</b>	neg.	>100	16.8	9.8
<b>P/B</b>	1.8	1.6	1.4	1.2
<b>Dividend yield-%</b>	0.0 %	0.0 %	0.0 %	3.1 %
<b>EV/EBIT (adj.)</b>	59.0	40.4	16.0	10.2
<b>EV/EBITDA</b>	14.6	11.6	8.1	6.1
<b>EV/S</b>	1.0	0.9	0.8	0.7

Source: HC Andersen Capital

## Guidance (Unchanged)

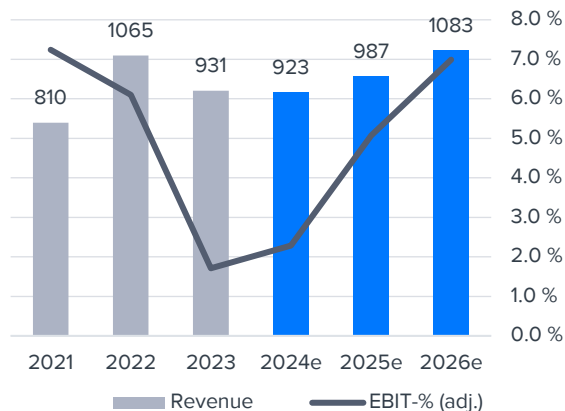
Gabriel Holding maintains its guidance for FY'23/24 revenue of DKK 880 – 930m and with an EBIT of DKK 8 - 15m. The guidance was upwardly adjusted on 15 April 2024.

### Share price



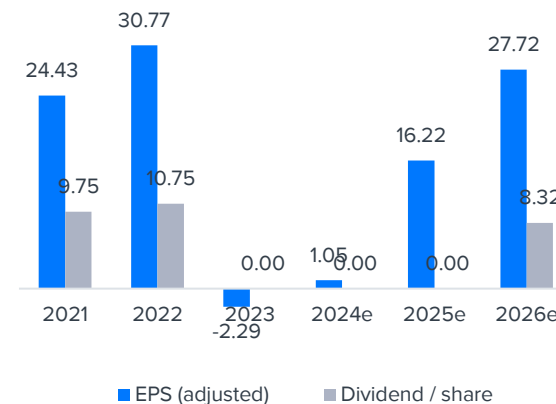
Source: Capital IQ

### 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 and further international expansion

### Risk factors

- 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	2024e	2025e	2026e
Share price	272.0	272.0	272.0
Number of shares, millions	1.89	1.89	1.89
Market cap	514	514	514
EV	850	800	769
P/E (adj.)	>100	16.8	9.8
P/E	>100	16.8	9.8
P/FCF	88.9	8.7	13.1
P/B	1.6	1.4	1.2
P/S	0.6	0.5	0.5
EV/Sales	0.9	0.8	0.7
EV/EBITDA	11.6	8.1	6.1
EV/EBIT (adj.)	40.4	16.0	10.2
Payout ratio (%)	0.0 %	0.0 %	30.0 %
Dividend yield-%	0.0 %	0.0 %	3.1 %

Source: HC Andersen Capital

Note: Gabriel has skewed reporting periods. Fiscal year 2023/2024 is 1 Oct 2023 – 30 Sept 2024. In the above graphs and table to the right, 2024e reflects Gabriel's 2023/24 fiscal period. 2025e reflects fiscal period 2024/25 and 2026e reflects fiscal period 2025/26.

# Q3'23/24 beats our expectations as group revenues return to growth

## Revenue returns to growth and beats our expectations

Gabriel's Q3'23/24 revenue increased 3.5% y/y to MDKK 231, surpassing our expectations of a y/y decline of -1.7% to MDKK 220. The revenue beat was significant and marks a return to y/y quarterly revenue growth for the first time since Q4'21/22. While Q3'23/24 was slightly down on Q2'23/24, there was less seasonality than anticipated.

Revenue growth was driven by gains across all three business units, with continued expansion in Fabrics and SampleMaster and a return to growth for FurnMaster. The rebound in FurnMaster had not been expected. We assess that the overall upholstery furniture fabric market has declined YTD 2024, a view shared Gabriel's management. While some market stabilization seems to be on the

horizon, Gabriel's earlier-than-expected return to growth suggests that the market is stabilizing and that Gabriel is outperforming. We now consider full-year revenue guidance conservative as a repeat of Q3'23/24 in Q4'23/24 would see revenues narrowly exceed Gabriel's top-end range.

## Significant EBIT upside surprise due to revenue growth and greater gross margins

Gross margins improved 4.7pp y/y as COGS declined despite increased revenues due to cost savings, productivity improvements, and a favorable product mix. Operating costs were mostly in line with our expectations, with slightly higher new showroom and Screen Solutions moving costs than anticipated. D&A was also slightly above our expectations, but the larger gross earnings led to a significant positive EBIT surprise. Gabriel realized a Q3'23/24 EBIT of DKK

8.6m against our estimate of MDKK -0.7, and its 9m 23/24 EBIT of MDKK 19.1 now exceeds the latest guidance for MDKK 8-15. We do not see a strong case for a negative EBIT to materialize in Q4, and, hence, consider the latest guidance conservative.

## Positive cash flow, but debt remains high

Gabriel has prioritized increasing cash flow in 2023/24 and maintains its expectations for positive cash flow FY'23/24. In Q3'23/24, operating cash flow was DKK 11.3m as NWC growth was very moderate, bringing 9m'23/24 CFO to DKK 29.2m. We anticipate that Gabriel can reduce its working capital in the coming quarters by returning its receivable and inventory days back toward normalized levels.

Estimates	Q3'23	Q3'24	Q3'24e	Q3'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	HCA	Consensus	Low	High	Act. vs. HCA	HCA
Revenue	223	231	220				5%	923
EBITDA	9.5	22.3	11.2				99%	73.0
EBIT	-2.9	8.6	-0.7				nm	21.1
PTP	-6.2	6.0	-4.3				nm	5.0
EPS (adj.)	-2.94	1.78	-1.80				nm	1.05
EPS (reported)	-2.94	1.78	-1.80				nm	1.05
DPS								0.00
Revenue growth-%	-23.0 %	3.5 %	-1.5 %				5 pp	-0.8 %
EBIT-% (adj.)	-1.3 %	3.7 %	-0.3 %				4.1 pp	2.3 %

Source: HC Andersen Capital

# Estimates upwardly adjusted, with longer-term expectations stable

## Revenue assumptions FY'23/24 upwardly adjusted

Gabriel's return to revenue growth y/y in Q3'23/24 led management to now expect revenue at the upper-end of its MDKK 880-930 interval. We have also raised our revenue expectations for Q4'23/24 to +3.5% y/y, from +3.0% y/y previously, reflecting full-year revenue development of -0.8% y/y or MDKK 923.2, from previously -2.1% y/y or MDKK 912.2.

An equally strong Q4'23/24 to Q3'23/24 would see revenue narrowly exceed Gabriel's top-end guidance; however, our forecast reflects a continuing y/y momentum, and considers lingering market weakness, which may still contribute to a seasonally weaker Q4 as seen FY'22/23. Longer term our growth estimates are maintained.

## Gross margin gains lead near-term earnings forecast higher

Gross earnings rose as revenue grew and margins expanded. Greater gross margins based on cost-cutting and productivity improvements raise our expectation for the rapidity of a gross margin rebound towards historical levels. We raise our FY'23/24 gross margin expectations 1.2pp to 35.8% from 34.6% and also raise our FY'24/25 gross margin expectations by 0.5pp to 37.0%.

Gabriel also demonstrated cost discipline in operating expenses with few surprises, leading us to also raise our EBIT expectations FY'23/24, raising EBIT margin forecasts 1.4pp to 2.3% FY'23/24, from 0.9% previously.

## Long-term earnings outlook relatively unchanged

While Q3'23/24 was generally stronger than expected, our long-term outlook is relatively unchanged. Our projections have fundamentally

leaned on a turn-around in Gabriel's business and the broader market sentiment. Q3'23/24 suggests this thesis is early signs that this thesis is materializing, however, with macroeconomic conditions remaining uncertain, we maintain our expected rate of recovery. We maintain that an EBIT margin around 10% can be achieved in normalized market conditions.

## No adjustments made for FurnMaster carve-out

We have not made model adjustments based on the planned carve-out of FurnMaster thus far. We don't wish to speculate on the pace or price of prospective sale, since we do not have individual business unit segmentation and enough information about the planned carve-out yet.

Estimate revisions	2024e		Change	2025e		Change	2026e		Change	
	MDKK / DKK	Old		New	%		Old	New		%
Revenue		911	923	1%	974	987	1%	1068	1083	1%
EBITDA		61.3	73.0	19%	92.2	99.3	8%	122	125	2%
EBIT (exc. NRIs)		12.9	21.1	63%	45.1	50.0	11%	75.2	75.7	1%
EBIT		12.9	21.1	63%	45.1	50.0	11%	75.2	75.7	1%
PTP		-3.5	5.0	242%	34.7	38.7	12%	66.1	66.1	0%
EPS (excl. NRIs)		-1.78	1.05	159%	14.53	16.22	12%	27.76	27.72	0%
DPS		0.00	0.00		0.00	0.00		0.00	0.00	

Source: HC Andersen Capital

# Valuation

## Gabriel's turn-around potential is not yet priced in, despite strong Q3 earnings increasing likelihood

Based on multiple valuation methods, including our DCF model, and earnings-based multiples we reiterate our Accumulate recommendation. Gabriel has historically demonstrated strong cash generation and a ROIC >15x in normalized markets. We believe that Gabriel still holds a strong market position with long-standing market-leading customers and is in the midst of a cyclical turnaround following a protracted downturn in housing and furniture markets post-COVID-19.

The stronger-than-expected Q3'23/24 earnings increase our belief this turn-around is underway, and while market challenges are ongoing, we reiterate our Accumulate recommendation with a price target of DKK 300, and a fair value range of DKK 245-325.

## Small changes lead to a slight rise in DCF value

Following our post-Q3'23/24 model adjustments as outlined in the previous slides, our DCF valuation based on the long-term potential of Gabriel now arrives at a value of DKK 317 per share, up from DKK 307 at the time of our extensive report 30.06.2024. While the long-term outlook remains mostly unchanged, the DCF value gain can be explained by above-expectation Q3 results, higher estimates for FY'23/24e, accelerated margin expansion FY'24/25, and a larger base for compounding growth.

The DCF model is highly sensitive to assumptions and is used to guide the long-term potential of Gabriel's business. Our fair value is somewhat below the DCF value to account for ongoing risks relating to market conditions, which could slow the rate of market recovery, raised uncertainty regarding the carve-out of

FurnMaster, and other considerations.

We maintain a WACC of 9.1% as outlined in our extensive report, which you can read for full assumptions. Our fair value of DKK 300 per share exceeds the minimum required return on capital as determined by our WACC assumption. The sensitivity analysis on P12 demonstrates that our DCF is highly sensitive to WACC. A fall in WACC to around 8% would raise our DCF value to around DKK 400 per share, while a rise to around 10% would decrease the DCF value to around DKK 255 per share.

## Earnings multiples supportive on FY'24/25 basis

As discussed in our extensive report, our lack of closely comparable peers and a limited near-term signal from multiples FY'23/24 due to cyclically low earnings. However, from an FY'24/25e basis, our estimates show Gabriel trading below all of our selected Danish-listed cyclical peers on an EV/EBITDA, EV/EBIT, and P/E basis. FY'24/25e Gabriel's EV/EBIT and P/E multiples are also trading around the level of the selected market-leading furniture producers.

We also consider an FY'24/25e EV/EBIT of 16.1x as below Gabriel's 10-year historical average EV/EBIT of around 20x.

Our valuation based both on our DCF model, and on comparable multiples support our Accumulate recommendation for Gabriel.

Valuation	2024e	2025e	2026e
Share price	272.0	272.0	272.0
Number of shares, millions	1.89	1.89	1.89
Market cap	514	514	514
EV	850	800	769
P/E (adj.)	>100	16.8	9.8
P/E	>100	16.8	9.8
P/FCF	88.9	8.7	13.1
P/B	1.6	1.4	1.2
P/S	0.6	0.5	0.5
EV/Sales	0.9	0.8	0.7
EV/EBITDA	11.6	8.1	6.1
EV/EBIT (adj.)	40.4	16.0	10.2
Payout ratio (%)	0.0 %	0.0 %	30.0 %
Dividend yield-%	0.0 %	0.0 %	3.1 %

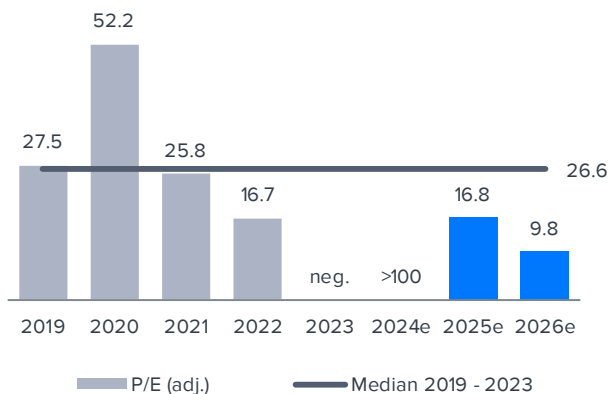
Source: HC Andersen Capital

# Valuation table

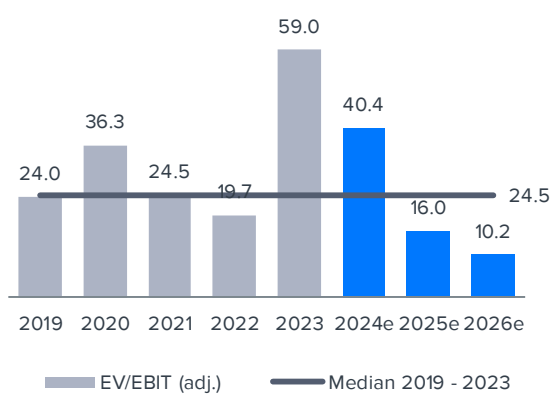
Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	712.0	690.0	630.0	515.0	306.0	<b>272.0</b>	<b>272.0</b>	<b>272.0</b>	<b>272.0</b>
Number of shares, millions	1.89	1.89	1.89	1.89	1.89	<b>1.89</b>	<b>1.89</b>	<b>1.89</b>	<b>1.89</b>
Market cap	1346	1304	1191	973	578	<b>514</b>	<b>514</b>	<b>514</b>	<b>514</b>
EV	1484	1522	1435	1282	940	<b>850</b>	<b>800</b>	<b>769</b>	<b>731</b>
P/E (adj.)	27.5	52.2	25.8	16.7	neg.	>100	<b>16.8</b>	<b>9.8</b>	<b>7.5</b>
P/E	27.5	52.2	25.8	16.7	neg.	>100	<b>16.8</b>	<b>9.8</b>	<b>7.5</b>
P/FCF	neg.	35.8	>100	neg.	35.6	<b>88.9</b>	<b>8.7</b>	<b>13.1</b>	<b>8.7</b>
P/B	4.8	4.6	3.7	2.7	1.8	<b>1.6</b>	<b>1.4</b>	<b>1.2</b>	<b>1.1</b>
P/S	1.9	1.8	1.5	0.9	0.6	<b>0.6</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>
EV/Sales	2.1	2.1	1.8	1.2	1.0	<b>0.9</b>	<b>0.8</b>	<b>0.7</b>	<b>0.6</b>
EV/EBITDA	18.3	18.9	14.9	11.9	14.6	<b>11.6</b>	<b>8.1</b>	<b>6.1</b>	<b>5.1</b>
EV/EBIT (adj.)	24.0	36.3	24.5	19.7	59.0	<b>40.4</b>	<b>16.0</b>	<b>10.2</b>	<b>7.8</b>
Payout ratio (%)	40.5 %	37.8 %	39.9 %	34.9 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>30.0 %</b>	<b>40.0 %</b>
Dividend yield-%	1.5 %	0.7 %	1.5 %	2.1 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>3.1 %</b>	<b>5.4 %</b>

Source: HC Andersen Capital

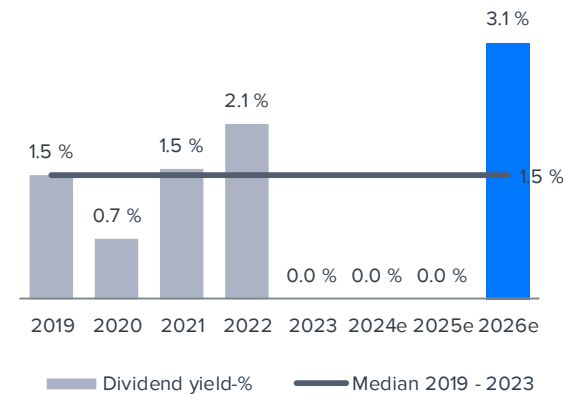
### P/E (adj.)



### 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	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Culp, Inc.	421	383		10.8	33.2		0.3	0.2					0.9
<u>International customers/producers</u>													
MillerKnoll, Inc.	13,741	24,559	13.7	12.3	8.8	8.1	1.0	0.9	12.8	12.8	2.5%	2.5%	1.3
Steelcase Inc.	10,669	13,376	14.1	11.5	7.5	7.0	0.6	0.6	15.4	15.4	2.9%	2.9%	1.8
HNI Corporation	16,873	20,706	15.1	12.6	9.6	8.3	1.1	0.9	17.0	17.0			2.5
<u>Danish cyclical small/mid cap</u>													
HusCompagniet A/S	1,396	1,633	24.4	18.8	14.6	12.3	0.7	0.7	37.6	37.6		1.5%	0.5
TCM Group A/S	718	1,003	19.6	16.5	13.3	10.4	0.8	0.8	20.5	20.5	2.1%	3.5%	0.9
H+H International A/S	1,573	2,654	43.5	30.4	12.4	9.4	0.9	0.9	70.0	70.0			0.9
<b>Gabriel Holding A/S (HCA)</b>	<b>514</b>	<b>850</b>	<b>40.4</b>	<b>16.0</b>	<b>11.6</b>	<b>8.1</b>	<b>0.9</b>	<b>0.8</b>	<b>259.5</b>	<b>16.8</b>	<b>0.0%</b>	<b>0.0%</b>	<b>1.6</b>
<b>Average</b>			<b>21.7</b>	<b>16.1</b>	<b>14.2</b>	<b>9.3</b>	<b>0.8</b>	<b>0.7</b>	<b>28.9</b>	<b>28.9</b>	<b>2.5%</b>	<b>2.6%</b>	<b>1.3</b>
<b>Median</b>			<b>17.3</b>	<b>12.6</b>	<b>12.4</b>	<b>8.8</b>	<b>0.8</b>	<b>0.8</b>	<b>18.8</b>	<b>18.8</b>	<b>2.5%</b>	<b>2.7%</b>	<b>0.9</b>
<b>Diff-% to median</b>			<b>133%</b>	<b>27%</b>	<b>-7%</b>	<b>-9%</b>	<b>15%</b>	<b>-2%</b>	<b>1282%</b>	<b>-11%</b>	<b>-100%</b>	<b>-100%</b>	<b>72%</b>

Source: HC Andersen Capital, Capital IQ



# Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
<b>Revenue</b>	<b>1065</b>	<b>242</b>	<b>250</b>	<b>223</b>	<b>216</b>	<b>931</b>	<b>228</b>	<b>241</b>	<b>231</b>	<b>223</b>	<b>923</b>	<b>987</b>	<b>1083</b>	<b>1178</b>
Fabrics	1062	241	250	222	215	928	227	241	230	223	920	983	1079	1175
Letting offices	3.4	0.8	0.8	0.8	0.8	3.2	0.8	0.7	0.8	0.8	3.2	3.2	3.3	3.3
<b>EBITDA</b>	<b>107</b>	<b>20.8</b>	<b>23.6</b>	<b>9.5</b>	<b>10.3</b>	<b>64.3</b>	<b>15.9</b>	<b>19.1</b>	<b>22.3</b>	<b>15.7</b>	<b>73.0</b>	<b>99.3</b>	<b>125</b>	<b>144</b>
Depreciation	-42.6	-12.7	-10.6	-12.4	-12.6	-48.3	-12.7	-11.9	-13.7	-13.7	-51.9	-49.3	-49.4	-50.4
<b>EBIT (excl. NRI)</b>	<b>64.9</b>	<b>8.1</b>	<b>13.0</b>	<b>-2.9</b>	<b>-2.3</b>	<b>15.9</b>	<b>3.2</b>	<b>7.3</b>	<b>8.6</b>	<b>2.0</b>	<b>21.1</b>	<b>50.0</b>	<b>75.7</b>	<b>94.0</b>
<b>EBIT</b>	<b>64.9</b>	<b>8.1</b>	<b>13.0</b>	<b>-2.9</b>	<b>-2.3</b>	<b>15.9</b>	<b>3.2</b>	<b>7.3</b>	<b>8.6</b>	<b>2.0</b>	<b>21.1</b>	<b>50.0</b>	<b>75.7</b>	<b>94.0</b>
Fabrics	62.7	7.6	12.6	-3.4	-3.0	13.7	2.5	7.0	8.0	1.5	19.0	47.9	73.6	91.8
Letting offices	2.2	0.6	0.4	0.5	0.7	2.2	0.7	0.3	0.6	0.5	2.1	2.1	2.1	2.2
Share of profits in assoc. compan.	0.1	-0.1	0.2	0.4	-0.1	0.4	-0.2	-0.2	0.6	0.4	0.5	0.4	1.0	2.2
Net financial items	15.5	-4.3	-3.5	-3.7	-2.3	-13.8	-6.0	-2.8	-3.2	-4.6	-16.6	-11.7	-10.6	-9.7
<b>PTP</b>	<b>80.6</b>	<b>3.7</b>	<b>9.8</b>	<b>-6.2</b>	<b>-4.7</b>	<b>2.6</b>	<b>-3.0</b>	<b>4.2</b>	<b>6.0</b>	<b>-2.2</b>	<b>5.0</b>	<b>38.7</b>	<b>66.1</b>	<b>86.5</b>
Taxes	-22.4	-1.4	-3.1	0.7	-3.1	-6.9	-1.2	0.3	-2.6	0.5	-3.0	-8.0	-13.7	-17.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net earnings</b>	<b>58.2</b>	<b>2.3</b>	<b>6.6</b>	<b>-5.6</b>	<b>-7.7</b>	<b>-4.3</b>	<b>-4.2</b>	<b>4.5</b>	<b>3.4</b>	<b>-1.7</b>	<b>2.0</b>	<b>30.7</b>	<b>52.4</b>	<b>68.8</b>
<b>EPS (adj.)</b>	<b>30.77</b>	<b>1.22</b>	<b>3.51</b>	<b>-2.94</b>	<b>-4.09</b>	<b>-2.29</b>	<b>-2.20</b>	<b>2.38</b>	<b>1.78</b>	<b>-0.91</b>	<b>1.05</b>	<b>16.22</b>	<b>27.72</b>	<b>36.38</b>
<b>EPS (rep.)</b>	<b>30.77</b>	<b>1.22</b>	<b>3.51</b>	<b>-2.94</b>	<b>-4.09</b>	<b>-2.29</b>	<b>-2.20</b>	<b>2.38</b>	<b>1.78</b>	<b>-0.91</b>	<b>1.05</b>	<b>16.22</b>	<b>27.72</b>	<b>36.38</b>
<b>Key figures</b>	<b>2022</b>	<b>Q1'23</b>	<b>Q2'23</b>	<b>Q3'23</b>	<b>Q4'23</b>	<b>2023</b>	<b>Q1'24</b>	<b>Q2'24</b>	<b>Q3'24</b>	<b>Q4'24e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>
<b>Revenue growth-%</b>	31.5 %	-2.2 %	-9.2 %	-23.0 %	-14.4 %	-12.6 %	-5.7 %	-3.7 %	3.5 %	3.5 %	-0.8 %	6.9 %	9.7 %	8.8 %
<b>Adjusted EBIT growth-%</b>	10.7 %	-60.3 %	-44.6 %	-118.2 %	-147.3 %	-75.5 %	-60.4 %	-44.3 %	-392.6 %	-187.3 %	32.2 %	137.6 %	51.3 %	24.1 %
<b>EBITDA-%</b>	10.1 %	8.6 %	9.4 %	4.2 %	4.8 %	6.9 %	7.0 %	7.9 %	9.6 %	7.0 %	7.9 %	10.1 %	11.6 %	12.3 %
<b>Adjusted EBIT-%</b>	6.1 %	3.4 %	5.2 %	-1.3 %	-1.1 %	1.7 %	1.4 %	3.0 %	3.7 %	0.9 %	2.3 %	5.1 %	7.0 %	8.0 %
<b>Net earnings-%</b>	5.5 %	1.0 %	2.7 %	-2.5 %	-3.6 %	-0.5 %	-1.8 %	1.9 %	1.5 %	-0.8 %	0.2 %	3.1 %	4.8 %	5.8 %

Source: HC Andersen Capital

# Balance sheet

Assets	2022	2023	2024e	2025e	2026e
<b>Non-current assets</b>	<b>385</b>	<b>394</b>	<b>400</b>	<b>401</b>	<b>408</b>
Goodwill	50.7	51.2	51.2	51.2	51.2
Intangible assets	48.4	53.1	53.1	53.9	54.7
Tangible assets	229	234	240	240	245
Associated companies	32.0	32.3	32.8	33.3	33.8
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	25.0	23.2	23.2	23.2	23.2
<b>Current assets</b>	<b>483</b>	<b>420</b>	<b>428</b>	<b>426</b>	<b>447</b>
Inventories	246	224	226	222	238
Other current assets	14.6	17.4	20.3	17.3	16.2
Receivables	145	140	143	139	147
Cash and equivalents	77.1	38.5	38.5	47.7	44.8
<b>Balance sheet total</b>	<b>869</b>	<b>814</b>	<b>828</b>	<b>827</b>	<b>854</b>

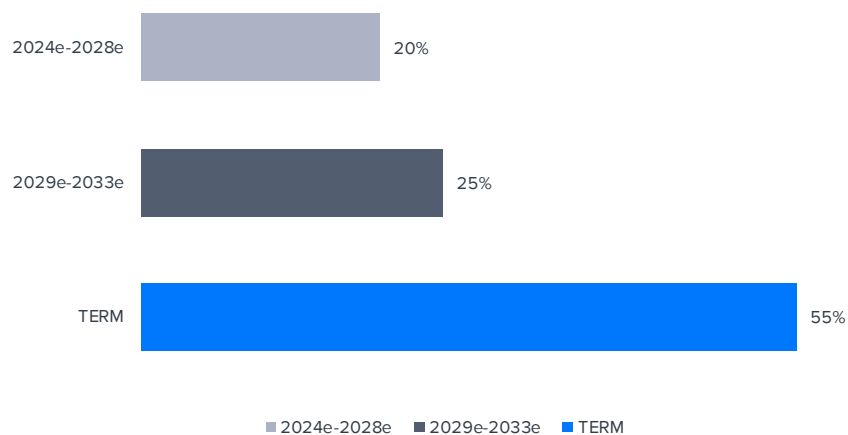
Source: HC Andersen Capital

Liabilities & equity	2022	2023	2024e	2025e	2026e
<b>Equity</b>	<b>359</b>	<b>327</b>	<b>329</b>	<b>359</b>	<b>412</b>
Share capital	37.8	37.8	37.8	37.8	37.8
Retained earnings	326	302	304	334	387
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	-5.2	-12.7	-12.7	-12.7	-12.7
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>83.3</b>	<b>84.1</b>	<b>84.0</b>	<b>84.0</b>	<b>84.0</b>
Deferred tax liabilities	10.0	12.0	12.0	12.0	12.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	73.3	72.0	72.0	72.0	72.0
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>427</b>	<b>403</b>	<b>415</b>	<b>384</b>	<b>359</b>
Interest bearing debt	313	328	335	294	260
Payables	62.5	40.4	50.8	59.2	67.7
Other current liabilities	51.3	34.8	29.6	30.1	30.7
<b>Balance sheet total</b>	<b>869</b>	<b>814</b>	<b>828</b>	<b>827</b>	<b>854</b>

# DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-12.6 %	-0.8 %	6.9 %	9.7 %	8.8 %	7.1 %	5.1 %	3.6 %	2.6 %	2.5 %	2.0 %	2.0 %
EBIT-%	1.7 %	2.3 %	5.1 %	7.0 %	8.0 %	8.5 %	9.5 %	10.0 %	9.0 %	7.6 %	7.6 %	7.6 %
<b>EBIT (operating profit)</b>	<b>15.9</b>	<b>21.1</b>	<b>50.0</b>	<b>75.7</b>	<b>94.0</b>	<b>107</b>	<b>126</b>	<b>137</b>	<b>126</b>	<b>109</b>	<b>111</b>	
+ Depreciation	48.3	52.4	49.3	49.4	50.4	51.4	52.4	52.9	53.4	53.4	53.4	
- Paid taxes	-28.6	-3.0	-8.0	-13.7	-17.7	-20.6	-24.9	-27.6	-25.7	-23.4	-24.1	
- Tax, financial expenses	-3.1	-3.7	-2.5	-2.3	-2.1	-1.8	-1.6	-1.2	-0.9	-0.7	-0.4	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	5.1	-3.4	20.6	-14.6	-9.1	-4.0	-7.6	-7.4	-7.0	-6.9	-6.9	
<b>Operating cash flow</b>	<b>51.0</b>	<b>63.4</b>	<b>109</b>	<b>94.6</b>	<b>116</b>	<b>132</b>	<b>144</b>	<b>154</b>	<b>146</b>	<b>132</b>	<b>133</b>	
+ Change in other long-term liabilities	4.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-39.6	-57.6	-50.1	-55.3	-56.4	-57.4	-55.4	-56.0	-53.4	-53.4	-53.4	
<b>Free operating cash flow</b>	<b>16.2</b>	<b>5.8</b>	<b>59.3</b>	<b>39.3</b>	<b>59.2</b>	<b>74.5</b>	<b>88.9</b>	<b>97.9</b>	<b>92.8</b>	<b>78.3</b>	<b>80.0</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	16.2	5.8	59.3	39.3	59.2	74.5	88.9	97.9	92.8	78.3	80.0	1147
<b>Discounted FCFF</b>		<b>5.6</b>	<b>52.8</b>	<b>32.0</b>	<b>44.2</b>	<b>51.0</b>	<b>55.8</b>	<b>56.4</b>	<b>49.0</b>	<b>37.9</b>	<b>35.4</b>	<b>508</b>
Sum of FCFF present value		928	923	870	838	794	743	687	631	582	544	508
<b>Enterprise value DCF</b>		<b>928</b>										
- Interest bearing debt		-400.0										
+ Cash and cash equivalents		38.5										
-Minorities		0.0										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>600</b>										
<b>Equity value DCF per share</b>		<b>317.3</b>										

Cash flow distribution



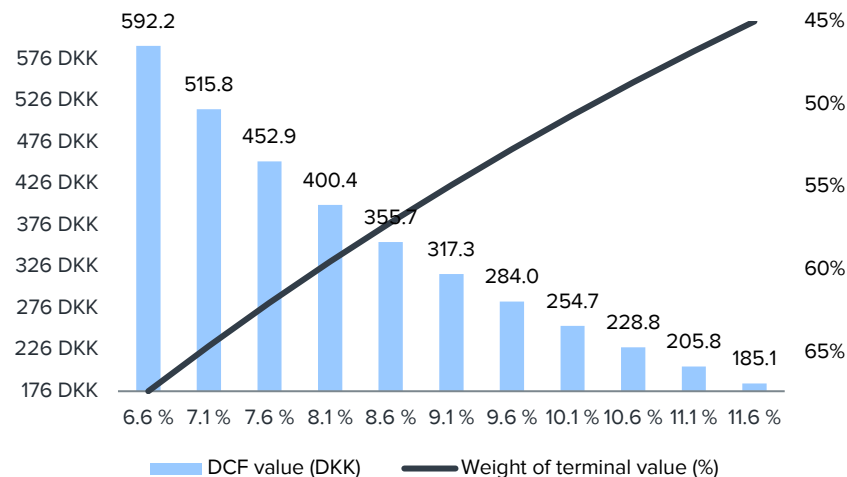
## WACC

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>

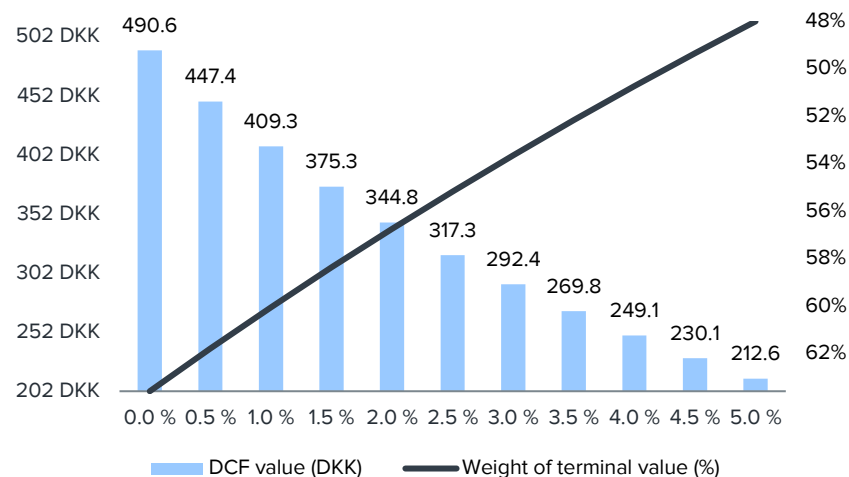
Source: HC Andersen Capital

# DCF sensitivity calculations and key assumptions in graphs

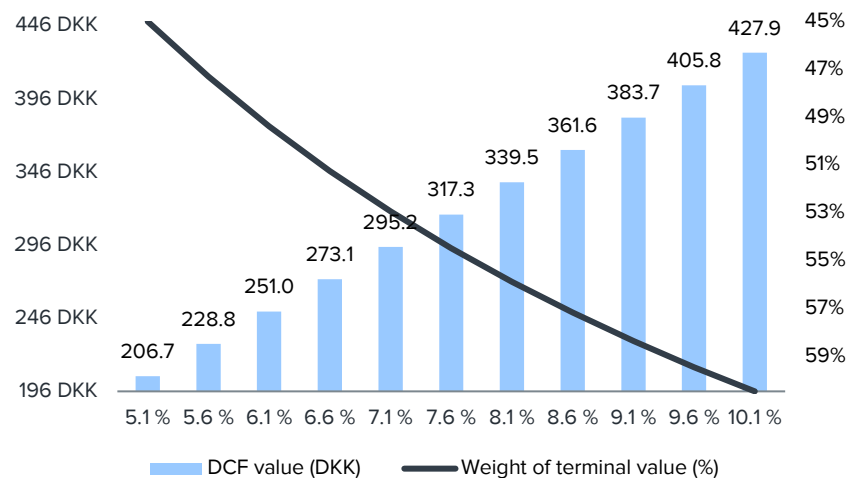
### Sensitivity of DCF to changes in the WACC-%



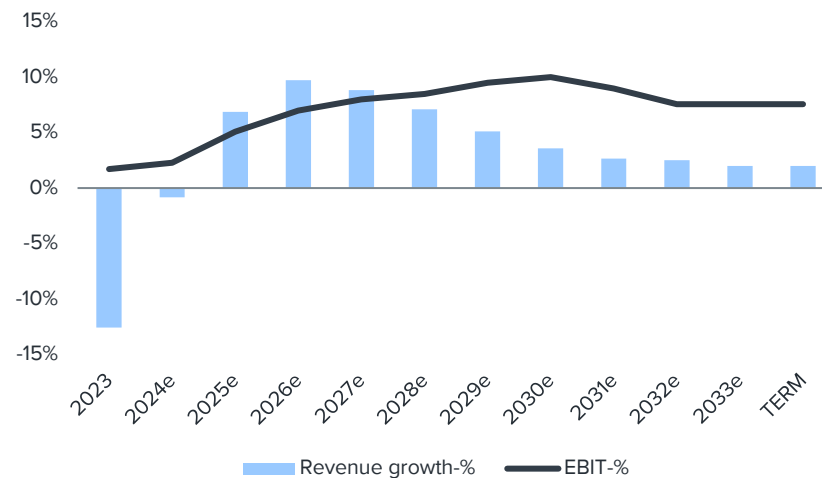
### Sensitivity of DCF to changes in the risk-free rate



### 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	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	809.7	1065.0	931.2	<b>923.3</b>	<b>986.7</b>	EPS (reported)	24.43	30.77	-2.29	<b>1.05</b>	<b>16.22</b>
EBITDA	96.5	107.5	64.3	<b>73.4</b>	<b>99.3</b>	EPS (adj.)	24.43	30.77	-2.29	<b>1.05</b>	<b>16.22</b>
EBIT	58.6	64.9	15.9	<b>21.1</b>	<b>50.0</b>	OCF / share	21.98	-1.12	26.98	<b>33.53</b>	<b>57.86</b>
PTP	58.8	80.6	2.6	<b>5.0</b>	<b>38.7</b>	FCF / share	2.64	-22.86	8.59	<b>3.06</b>	<b>31.36</b>
Net Income	46.2	58.2	-4.3	<b>2.0</b>	<b>30.7</b>	Book value / share	170.44	189.81	172.80	<b>173.84</b>	<b>190.06</b>
Extraordinary items	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	Dividend / share	9.75	10.75	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	731.2	868.5	813.8	<b>828.0</b>	<b>827.0</b>	Revenue growth-%	11%	32%	-13%	<b>-1%</b>	<b>7%</b>
Equity capital	322.1	358.7	326.6	<b>328.6</b>	<b>359.2</b>	EBITDA growth-%	20%	11%	-40%	<b>14%</b>	<b>35%</b>
Goodwill	51.0	50.7	51.2	<b>51.2</b>	<b>51.2</b>	EBIT (adj.) growth-%	40%	11%	-75%	<b>32%</b>	<b>138%</b>
Net debt	244.5	308.9	361.5	<b>335.9</b>	<b>285.9</b>	EPS (adj.) growth-%	85%	26%	-107%	<b>-146%</b>	<b>1448%</b>
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	11.9 %	10.1 %	6.9 %	<b>8.0 %</b>	<b>10.1 %</b>
EBITDA	96.5	107.5	64.3	<b>73.4</b>	<b>99.3</b>	EBIT (adj.)-%	7.2 %	6.1 %	1.7 %	<b>2.3 %</b>	<b>5.1 %</b>
Change in working capital	-42.3	-77.0	5.1	<b>-3.4</b>	<b>20.6</b>	EBIT-%	7.2 %	6.1 %	1.7 %	<b>2.3 %</b>	<b>5.1 %</b>
Operating cash flow	41.5	-2.1	51.0	<b>63.4</b>	<b>109.3</b>	ROE-%	15.3 %	17.1 %	-1.3 %	<b>0.6 %</b>	<b>8.9 %</b>
CAPEX	-37.3	-43.0	-39.6	<b>-57.6</b>	<b>-50.1</b>	ROI-%	10.9 %	12.7 %	2.3 %	<b>3.0 %</b>	<b>6.9 %</b>
Free cash flow	5.0	-43.2	16.2	<b>5.8</b>	<b>59.3</b>	Equity ratio	44.1 %	41.3 %	40.1 %	<b>39.7 %</b>	<b>43.4 %</b>
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	75.9 %	86.1 %	110.7 %	<b>112.2 %</b>	<b>88.7 %</b>
EV/S	1.8	1.2	1.0	<b>0.9</b>	<b>0.8</b>						
EV/EBITDA	14.9	11.9	14.6	<b>11.6</b>	<b>8.1</b>						
EV/EBIT (adj.)	24.5	19.7	59.0	<b>40.4</b>	<b>16.0</b>						
P/E (adj.)	25.8	16.7	neg.	<b>&gt;100</b>	<b>16.8</b>						
P/B	3.7	2.7	1.8	<b>1.6</b>	<b>1.4</b>						
Dividend-%	1.5 %	2.1 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>						

Source: HC Andersen Capital

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

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

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

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## Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
30/06/2024	Accumulate	295.0 DKK	260.0 DKK
30/08/2024	Accumulate	300.0 DKK	272.0 DKK

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