

Verve Group

Company report

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Strategic acquisition at an attractive valuation

We increase our target price for Verve to SEK 28 (was SEK 24) and raise our recommendation to Buy (was Accumulate) following the acquisition of Jun Group. We find the acquisition to be a good strategic fit for Verve and we view the acquisition price as highly compelling. Despite the diminishing effects following the acquisition, Verve's risk profile remains on the high side, but we believe that the company's valuation is low at current share price levels and presents an attractive risk/reward ratio.

Jun Group acquired to strengthen the demand side capabilities and unlock synergies

On Tuesday, June 18, Verve announced the acquisition of Jun Group, a demand-side technology platform, from the U.S. listed company Advantage Solutions Inc. in a deal worth 170 MEUR on a cash and debt-free basis. To support the financing of the deal, Verve successfully completed a directed share issue, raising 450 MSEK from the issuance of 27.1 million shares at a modest 5% share price discount, resulting in a 14.5% dilution effect. The speed, terms and volume at which the share issue was completed, is, in our view, a sign of strength given the current high interest rate environment and the company's debt position. The acquisition was completed at a multiple of 3.8x EV/adjusted EBITDA, based on the projected 2024 pro forma adj. EBITDA, which includes anticipated annualized synergies. In comparison, using Jun Group's 2023 adjusted EBITDA, the multiple stands at 4.7x. This valuation remains well below the multiples at which Verve is currently trading. The company's rationale for the transaction is to strengthen its demand-side capabilities, thereby enhancing relationships with advertisers and agencies - a core priority for the Group. Moreover, the acquisition unlocks clear opportunities for cross-selling and upselling, elevates earnings quality, and enriches the data resources to enable better targeting.

The company outlook improves notably and Verve raised its financial targets

Following the acquisition, Verve raised its 2024 guidance to 380-400 MEUR in revenues and 115-125 MEUR in adjusted EBITDA. The company also updated its mid-term financial targets and while the target revenue CAGR remained unchanged, Verve increased its profitability targets to 30-35% adj. EBITDA margin and 20-25% adj. EBIT margin, while also lowering the targeted net leverage ratio to 1.5-2.5x. We added Jun Group to our 2024 estimates for Verve, where our revenue forecast (392 MEUR) is close to the midpoint of the company's revised guidance range for 2024, while our estimated adj. EBITDA (114.7 MEUR) is at the low end of the target range. Further, we increased our 2025-2026 revenue estimates by 21%, and raised our adjusted EBIT by 51-53% in 2025 and 2026, underscoring the increased operational leverage and profitability that the combined Group achieves.

Attractive risk/reward at current levels

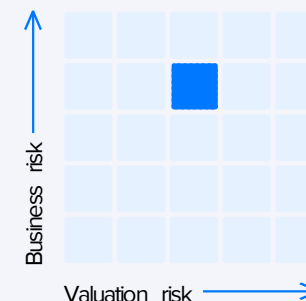
We believe Verve's valuation profile has become increasingly compelling following the acquisition of Jun Group. Based on our 2025 estimates, Verve trades at EV/adj. EBIT and EV/FCF multiples of 5.5x and 9.1x, respectively. These multiples are very low in absolute figures, and we argue that there is room for a multiple expansion given the company's growth outlook, enhanced margin and cash flow profile, as well as improved deleveraging capacity. Our DCF also supports a strong upside potential, indicating a fair value per share of SEK 31.4. At our target price, Verve trades at a 2025 EV/adj. EBIT multiple of 6.8x and a 2025 EV/FCF multiple of 11.2x. We believe these multiples are fairer, especially when looking at the FCF-based multiple and compared to the peer group.

Recommendation

Buy
(prev. Accumulate)

28.00 SEK
(prev. 24 SEK)

Share price:
18.52 SEK



Key indicators

	2023	2024e	2025e	2026e
Revenue	322.0	391.8	481.9	526.2
growth-%	-1%	22%	23%	9%
EBIT adj.	76.9	91.5	122.3	132.4
EBIT-% adj.	23.9 %	23.4 %	25.4 %	25.2 %
Net Income	46.7	14.0	47.5	59.7
EPS (adj.)	0.15	0.20	0.35	0.41

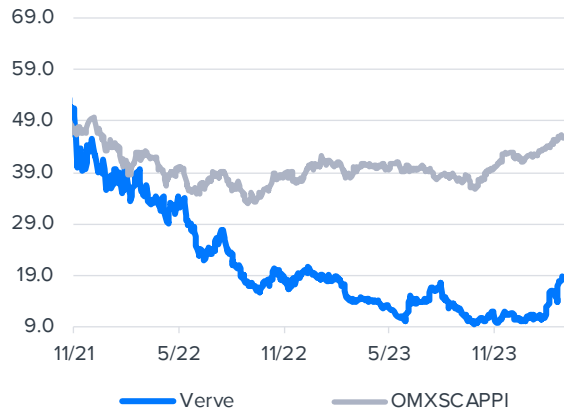
P/E (adj.)	6.6	8.3	4.8	4.0
P/B	0.5	0.8	0.7	0.6
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	5.9	7.4	5.5	4.8
EV/EBITDA	4.8	6.3	4.4	3.8
EV/S	1.4	1.7	1.4	1.2

Source: Inderes

Guidance (Upgraded)

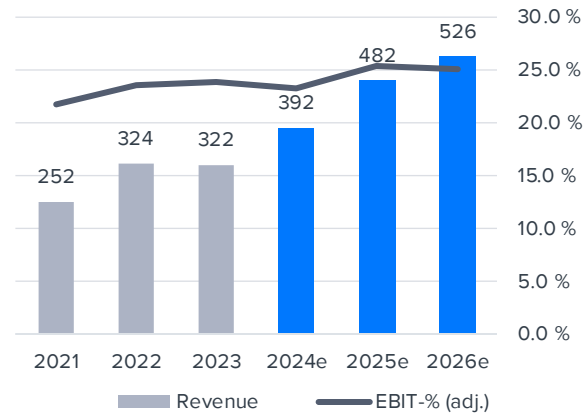
Revenue EUR 380-400 million (18-24%) and adjusted EBITDA EUR 115-125 million (21-31% growth)

Share price



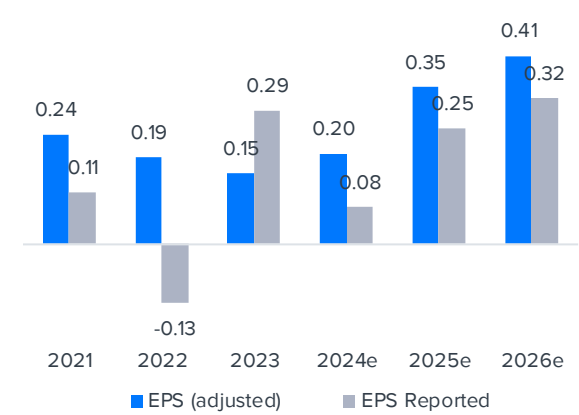
Source: Millstream Market Data AB

Revenues and operating profit-%



Source: Inderes

Earnings per share



Source: Inderes



Value drivers

- High single-digit growth in the programmatic ad market over the medium to long term, with In-app and CTV markets growing even faster
- Market-leading mobile In-App SSP
- Several proprietary targeting solutions for a post-identifier and cookie-less world
- Strong and increasing industry recognition could boost revenue growth
- A trusted end-to-end omnichannel platform
- Own first-party content that provides data to the ad platform
- Improved quality of earnings and increased potential for synergies in coming years following the acquisition of Jun Group



Risk factors

- Failing to maintain/increase market share in programmatic advertising
- Market disruption due to technological or regulatory reasons
- Despite a partial recovery in ad spending, persistent low CPMs and evolving privacy regulations pose ongoing risks
- Rapid slowdown in first-party games revenue
- If operating profit declines, free cash flow (FCF) might not be sufficient to cover the increased financial expenses.

Valuation	2024e	2025e	2026e
Share price (EUR)	165	165	165
Number of shares, millions	172.8	186.4	186.4
Market cap (MEUR)	307	307	307
EV (MEUR)	673	670	635
P/E (adj.)	8.3	4.8	4.0
P/E	20.3	6.5	5.1
P/FCF	neg.	9.0	4.9
P/B	0.8	0.7	0.6
P/S	0.8	0.6	0.6
EV/Sales	1.7	1.4	1.2
EV/EBITDA	6.3	4.4	3.8
EV/EBIT (adj.)	7.4	5.5	4.8
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Jun Group and the deal structure

About Jun Group

Jun Group is a leading mobile advertising company that specializes on the demand side with direct access to over 230 Fortune 500 advertisers and agencies in the United States. The company offers a suite of proprietary technologies and tools that collectively empower clients to achieve more efficient advertising outcomes through data-driven insights and automation. No existing customer makes up more than 10% of revenue and 66% of revenue from client spending is greater than 1 MUSD. In 2023, Jun Group had revenues of 72 MEUR with an adj. EBITDA of 36 MEUR, corresponding to an EBITDA margin of 50%.

The reason behind the acquisition

The acquisition aligns seamlessly with Verve's strategy to strengthen its relationships with advertisers and agencies. By acquiring Jun Group, Verve gains premium access to Fortune 500 brands and publishers, facilitating rapid scaling and providing valuable first-party and zero-party data. This acquisition enhances Verve's AI capabilities and bolsters its value proposition, laying a solid foundation for further innovation and the advancement of its current ID-less targeting solutions. Additionally, the acquisition presents both revenue and cost synergies. Jun Group's robust sales team in the U.S. already maintains direct access to top-tier brands, enabling Verve to cut operational costs by capitalizing on these pre-existing relationships. Moreover, with Jun Group benefiting from Verve's Google Cloud deal, additional operational expense (OPEX) synergies can be realized, enhancing overall efficiency and profitability.

With approx. 97% of Jun Group's revenue generated in the U.S., integrating with Verve's established presence in Europe, LATAM, and APAC will significantly expand the geographic reach of Jun Group's DSP product offerings.

Concurrently, Verve stands to gain from Jun Group's robust demand-side capabilities by introducing its CTV and mobile app solutions to Jun Group's existing clientele.

The transaction will also result in a more balanced sales model with 30% demand-side business and 70% supply-side business, based on 2023 figures. By strengthening the demand-side business, Verve acquires access to a richer and more diverse dataset from both ends of the value chain. This comprehensive data perspective enhances targeting precision, optimization, and transparency, ultimately delivering greater value to Verve's customers.

Financial impact

According to the company, the acquisition is expected to elevate Verve's 2024 revenues by 23% to 447 MEUR and boost adjusted EBITDA by 43% to 151 MEUR on a pro forma basis. The strong cash conversion of Jun Group will improve the combined Group's overall quality of earnings and cash flow generation, enabling faster deleveraging capacity. As a result, Verve aims for a pro forma net leverage ratio of 2.4x by the end of 2024 (2.8x including deferred payment) and 369 MEUR in pro forma net debt, up from 319 MEUR before the transaction (3.2x net leverage ratio).

Updated financial targets and 2024 guidance

As a result of the acquisition, Verve updated its mid-term financial targets to 25-30% revenue CAGR (unchanged), 30-35% EBITDA margin (25-30%), 20-25% EBIT margin (15-20%) and reduced the net leverage target to 1.5-2.5x (2.0-3.0x).

As for the 2024 guidance, Verve increased the revenue target range to 380-400 MEUR (350-370 MEUR), and the adj. EBITDA range to 115-125 MEUR (100-110 MEUR).

Deal Structure

Total consideration for the acquisition amounts to 170 MEUR on a cash and debt-free basis. However, the deal is structured in three fixed components comprising three installments:

- 120 MEUR closing consideration will be paid at hand
- Deferred considerations are to be paid in two annual installments of 25 MEUR and will be paid out of running cash flow 12 and 18 months after closing. These considerations are not based on performance.

80 MEUR of the 120 MEUR, will be paid by Verve's existing cash balance and the remaining 40 MEUR were raised through a directed share issue after market close on June 18. Verve issued 27.1 million shares at a subscription price of SEK 16.6, representing a discount of 5% from the closing price of SEK 17.48 on June 18. The acquisition is expected to close in September 2024.

In terms of valuation, Verve acquires Jun Group at a 3.8x EV/adj. EBITDA multiple, based on the 2024 pro forma EBITDA including annualized synergies. If we instead look at Jun Group's 2023 adjusted EBITDA, the corresponding multiple would be 4.7x, still well below the multiple that Verve trades at.

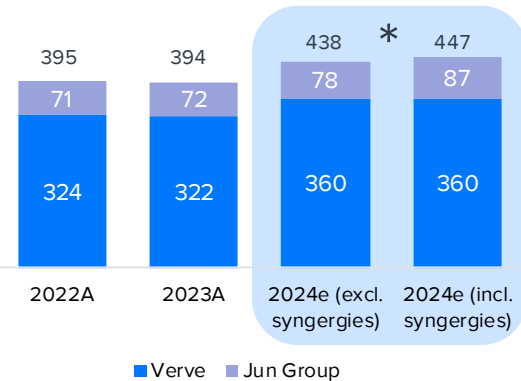
We understand that the due diligence process was expedited due to the seller's desire to finalize the deal before summer, aiming to reduce their leverage and divest non-core assets. Accelerated due diligence carries inherent risks, such as the potential overestimation of synergies and overlooked issues. Therefore, there is a risk that projected synergies might not be fully materialized. Hence, we will closely monitor the actual synergies achieved post-acquisition.

However, we believe that Verve's extensive experience with M&A and following integrations mitigates these risks.

Overview of financial impact and deal structure

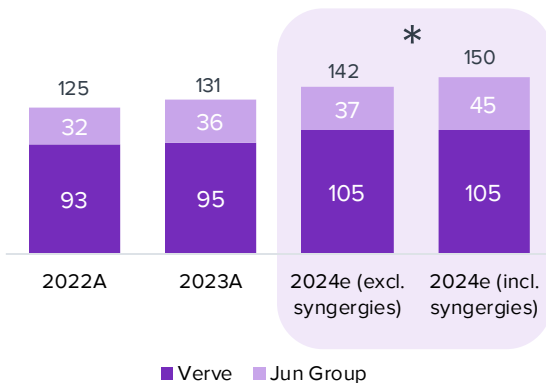
Combined Group (in MEUR)

Revenue (pro forma) 2022-2024e

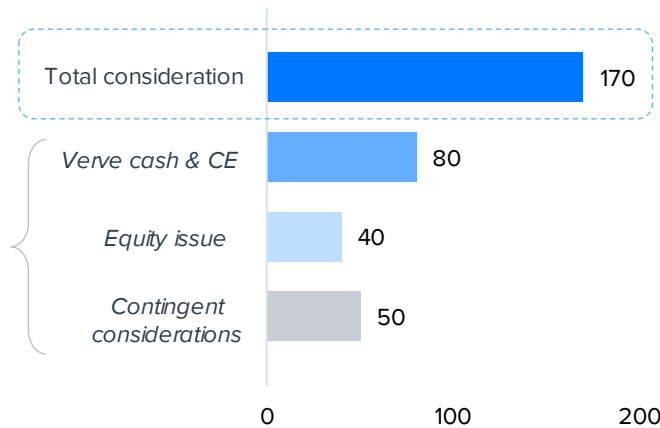


* Mid-range of company's guidance for 2024. Jun Group's figures are company's estimates

Adj.EBITDA (pro forma) 2022-2024e



Transaction details (in MEUR)



Valuation multiples

EV/adj. EBITDA (2024e)*	3.8x
EV/adj. EBITDA (2024e)**	4.6x
EV/adj. EBITDA (2023A)	4.7x

Updated mid-term financial targets

Old

New

25-30%

25-30%

Revenue CAGR

Revenue CAGR

25-30%

30-35%

Adj. EBITDA margin

Adj. EBITDA margin

15-20%

20-25%

Adj. EBIT margin

Adj. EBIT margin

2.0-3.0x

1.5-2.5x

Net leverage

Net leverage

We added Jun Group to our estimates

Adding Jun Group to the equation

We added Jun Group to our estimates for the coming years and our 2024 revenue estimate for Verve (392 MEUR) is close to the midpoint of the company's revised guidance range for 2024. At the same time, our forecasted adj. EBITDA (114.7 MEUR) is at the low end of the target range.

The acquisition significantly enhances Verve's profitability profile due to Jun Group's strong margins. Consequently, we have increased our 2024 adjusted EBIT estimates by 13%, while the revenue forecast saw a more modest rise of approx. 7%. It is worth noting that the acquisition is expected to close on September 1, and this date has been used as a guideline for estimating Jun Group's financial contribution in 2024.

In terms of leverage, we project the 2024 net debt to adjusted EBITDA ratio to remain steady at 3.1x,

consistent with 2023 levels. However, on a pro forma basis, and excluding contingent considerations, we expect the net leverage ratio to decrease to 2.4x, aligning with the company's target.

Significantly raising our 2025-2026 estimates

We increase our revenue estimates for 2025-2026 by 21% following the full integration of Jun Group, representing a total revenue growth of 23% (y/y) in 2025 and 9.2% (y/y) in 2026. We forecast the organic growth in 2025 to be about 9%, with the remaining increase driven by the effects of M&A.

The strong profitability profile of Jun Group, combined with expected synergies, is expected to have a material impact on Verve's margins, cash flow generation and overall operational leverage. Consequently, we have increased our adjusted EBIT by 51-53% in 2025 and 2026, resulting in improved

margins with expected adj. EBIT margins of 25.4% in 2025 and 25.2% in 2026, respectively.

Since Verve did not incur additional debt for the acquisition, the enhanced operating profitability and scale have a significant impact on our adjusted EPS forecasts. We anticipate an increase of approx. 25-70% over 2024-2026, as our estimates for interest expenses remain unchanged.

With the enhanced cash flow generation capability following the acquisition, we expect Verve's net leverage to decrease progressively over the next few years, reaching 2x by 2026. This reduction positions the company favorably for renegotiating its bond terms in the future. Securing a lower fixed interest rate on outstanding bonds, coupled with anticipated interest rate cuts, would free up additional cash flow and enhance the company's ability to reduce its debt more efficiently.

Estimate revisions MEUR / EUR	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
	Old	New	%	Old	New	%	Old	New	%
Revenue	367	392	7%	400	482	21%	435	526	21%
EBITDA	98.8	107	8%	106	152	44%	117	165	41%
EBIT (exc. NRIs)	81.2	91.5	13%	80.1	122	53%	87.5	132	51%
EBIT	66.4	71.2	7%	70.0	105	50%	76.0	115	51%
PTP	11.2	16.0	43%	29.1	63.3	117%	38.8	79.6	105%
EPS (excl. NRIs)	0.16	0.20	25%	0.20	0.35	72%	0.26	0.41	63%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Attractive acquisition and a compelling risk/reward

Value-adding acquisition increases the upside potential

We believe Verve managed to acquire Jun Group at attractive multiples. The fact that the acquisition multiple is lower than Verve's own highlights Verve's effective use of multiple arbitrage. This strategic move enables Verve to exploit the valuation gap, potentially unlocking significant value through the integration of Jun Group's operations and the enhancement of its financial performance.

Verve has been trading at a discount compared to historical multiples for the past two years. The combination of elevated debt levels and slowing revenue growth are two primary aspects that, in our view, have had the largest impact on the multiple compression witnessed.

When comparing multiples to peers, we believe it makes sense to look at 2025e figures, as Verve at that time has fully integrated Jun Group into the financials. For next year (2025e), and based on our estimates, we are looking at EV/adj. EBIT and EV/adj. FCF multiples at 5.5x and 9.1x, respectively, for Verve, which is very low in absolute figures. This also represents a ~79% and ~30% discount to peers' median values of 25.5x and 12.9x. We note that the median multiples of the peer group appear to be somewhat unreasonable, as the variation between companies is large.

As Verve records relatively high PPA amortizations (11 MEUR in 2023), the adjusted multiples are generally lower than the unadjusted ones. Verve's unadjusted 2025 EV/EBIT multiple stands at 6.4x, which still is very low in absolute terms.

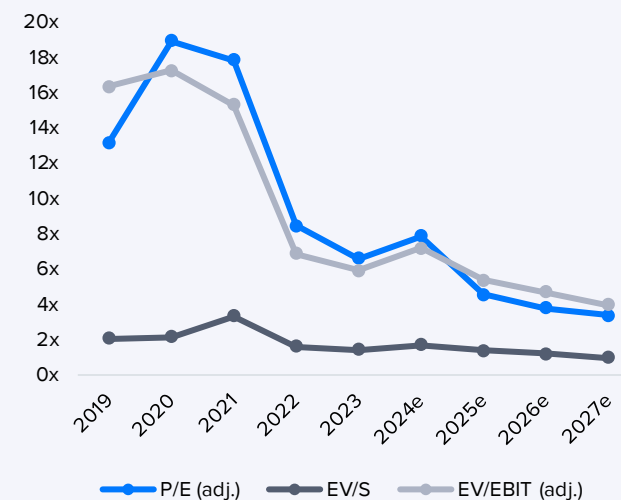
As illustrated on the next page, Verve is projected to grow its revenues and adjusted EBITDA at a pace comparable to its peer group during 2024-2026, while maintaining a higher average adjusted EBIT margin over the same period. However, Verve is expected to lag behind its peers in terms of EBIT CAGR. It is important to note that our estimates incorporate inorganic revenue growth, which inflates the CAGR figures. Thus, we don't rely on these figures that much as the actual organic revenue growth is lower, approx. 10%, which we believe paints a more comparable and realistic view of the company's underlying growth potential.

Additionally, the peer group carries significantly lower debt levels compared to Verve. When considering the organic growth and the high leverage, we believe that a valuation gap between Verve and its peers is justified and appropriate. However, the current discount applied to Verve is excessively steep in our view. Given Verve's improved earnings quality and enhanced capacity to reduce debt, a higher valuation multiple for the company is reasonable in our view.

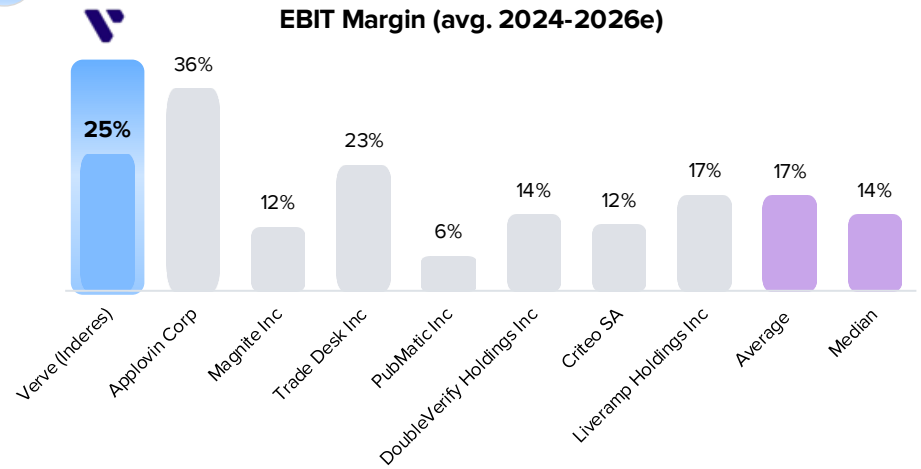
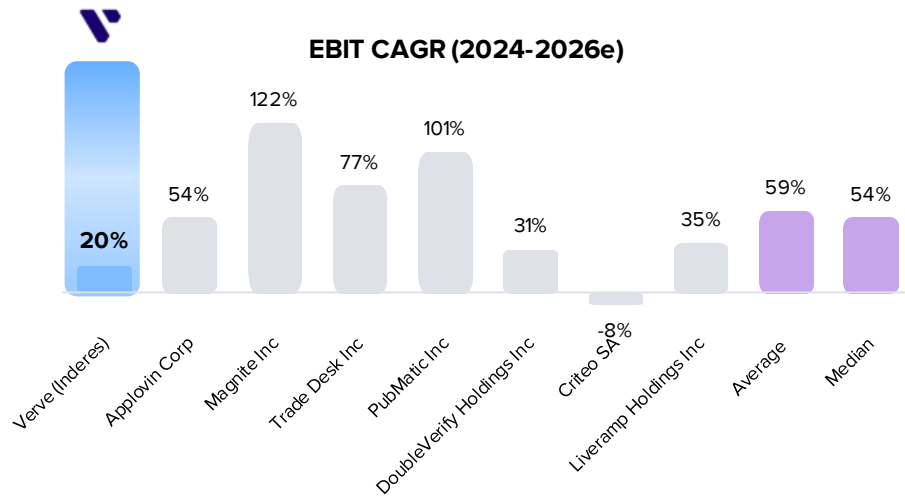
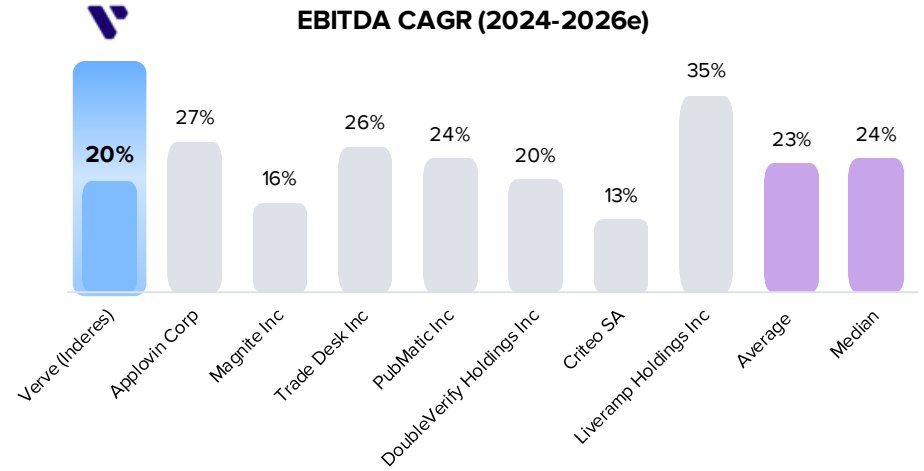
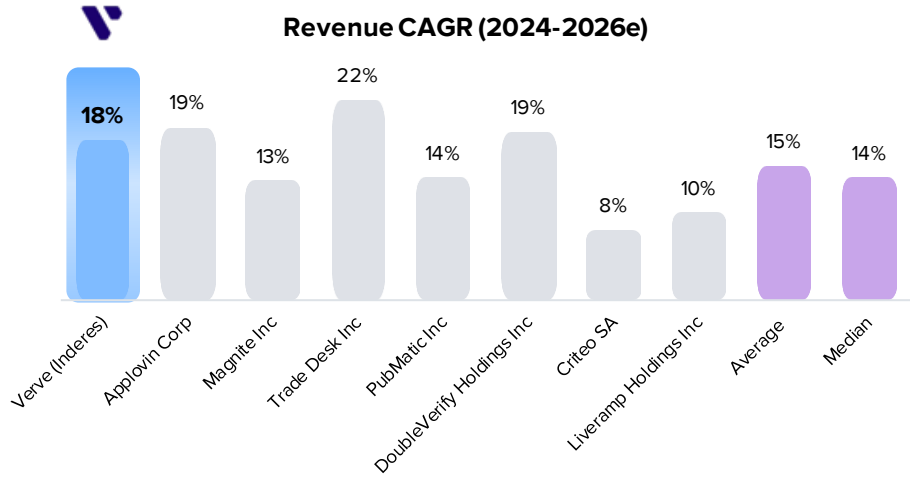
Valuation	2024e	2025e	2026e
Share price (EUR)	1.65	1.65	1.65
Number of shares, millions	172.8	186.4	186.4
Market cap (MEUR)	307	307	307
EV (MEUR)	673	670	635
P/E (adj.)	8.3	4.8	4.0
P/E	20.3	6.5	5.1
P/FCF	neg.	9.0	4.9
P/B	0.8	0.7	0.6
P/S	0.8	0.6	0.6
EV/Sales	1.7	1.4	1.2
EV/EBITDA	6.3	4.4	3.8
EV/EBIT (adj.)	7.4	5.5	4.8
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Development of valuation multiples



Verve vs. Peers: At a glance



Attractive acquisition and a compelling risk/reward

Our DCF indicates an upside

Verve's income statement contains several non-cash items and non-recurring costs, so we pay close attention to an FCF-based valuation method such as DCF. In our opinion, a discounted cash flow model is more reasonable for the valuation of Verve as it better reflects the company's long-term value creation, especially after the acquisition of Jun Group. Our DCF model indicates a fair value of SEK 31.4 per share, about 70% above Thursday's (June 20) closing price.

Our model assumes that Verve's revenues will grow by 21.7% in 2024, of which 13.9% is organic, which corresponds to the midpoint of the company's target range. For 2025-2026, we expect organic growth to be slightly above the global programmatic advertising market, but effects from M&A to boost overall growth in 2025. After 2026, our revenue growth rate estimate starts to taper off until reaching the terminal growth estimate of 2%. As for profitability, we expect an adjusted EBIT margin between 25% and 17% (company target 20-25%). Our adjusted EBIT margin is expected to increase from 2023 figures to ~25% in 2025-2026 and then slowly taper toward 17% as we approach the terminal period. These conservative assumptions reflect a more mature phase of the company's lifecycle, balancing growth and profitability as the business stabilizes.

In the adjacent calculations, we illustrate how varying levels of cost of capital affect the share price and the weight of the terminal value in the overall valuation. We believe this shows the suitability of a cash flow-based valuation method as the share of the cash flow attributed to the terminal period (52%) is at reasonable

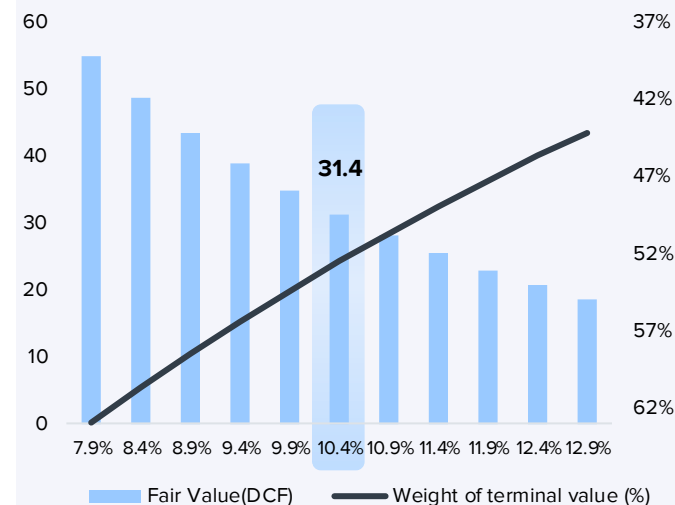
levels, indicating that a substantial portion of Verve's value is expected to be generated in the near to medium term.

We raise our target price and recommendation

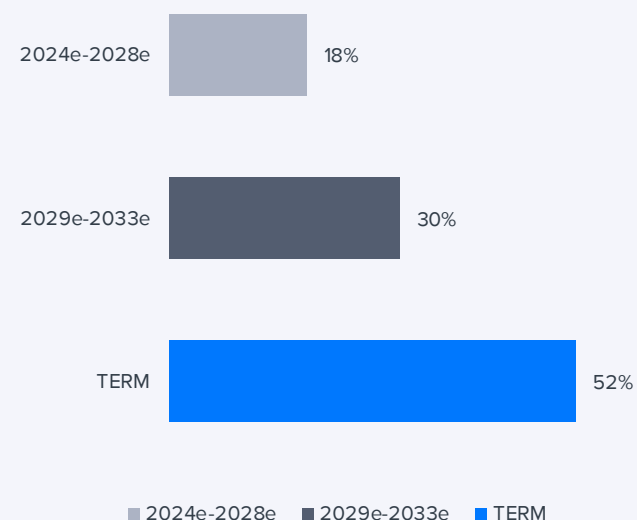
We assess the risk/reward ratio to be highly attractive following the acquisition of Jun Group and increase the target price to SEK 28 (was SEK 24) and raise our recommendation to Buy (was Accumulate). At this level, Verve trades at a 2025 EV/adj. EBIT multiple of 6.8x and a 2025 EV/FCF multiple of 11.2x. We believe these multiples are fairer, especially when looking at the FCF-based multiple, for a company with high growth potential and with an improved outlook regarding operating and cash flow margins.

However, with cash flow still burdened by earn-outs and high interest expenses relative to near-term EBIT estimates, we think it's prudent to err on the conservative side. Should Verve achieve synergies faster than expected, leading to stronger margins and cash flows, the company would be well-positioned to accelerate deleveraging of its balance sheet. This scenario could provide further upside potential in our view.

Sensitivity of DCF to changes in the WACC-%



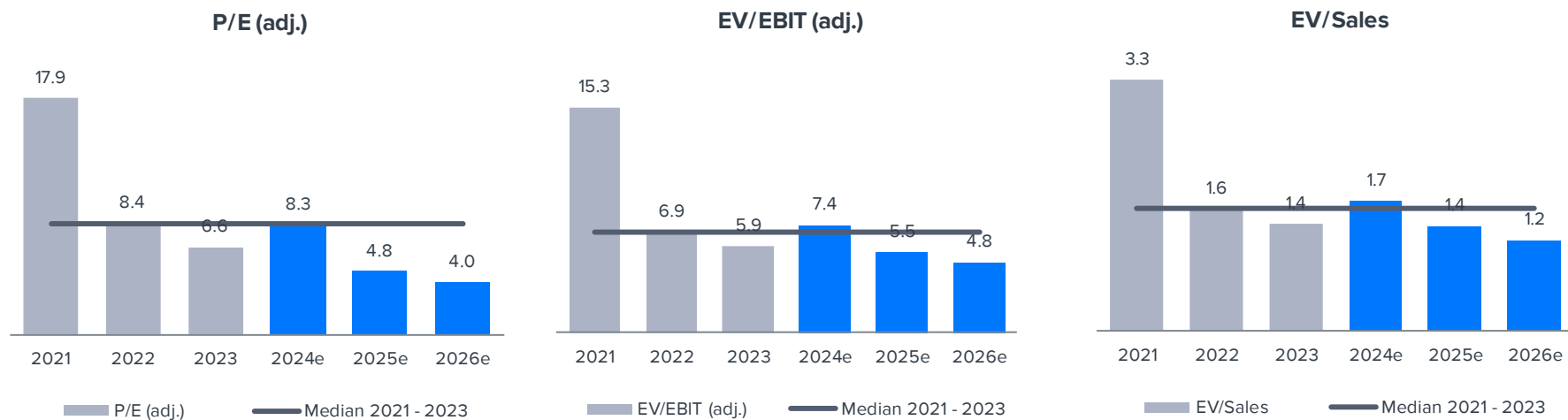
Cash flow distribution



Valuation table

Valuation	2021	2022	2023	2024e	2025e	2026e	2027e
Share price (EUR)	4.30	1.60	1.02	1.65	1.65	1.65	1.65
Number of shares, millions	141.7	156.2	159.2	172.8	186.4	186.4	186.4
Market cap (MEUR)	644	255	163	307	307	307	307
EV (MEUR)	840	525	456	673	670	635	562
P/E (adj.)	17.9	8.4	6.6	8.3	4.8	4.0	3.6
P/E	37.9	neg.	3.5	20.3	6.5	5.1	4.5
P/FCF	neg.	neg.	3.9	neg.	9.0	4.9	3.2
P/B	2.1	0.8	0.5	0.8	0.7	0.6	0.5
P/S	2.6	0.8	0.5	0.8	0.6	0.6	0.5
EV/Sales	3.3	1.6	1.4	1.7	1.4	1.2	1.0
EV/EBITDA	11.8	5.6	4.8	6.3	4.4	3.8	3.2
EV/EBIT (adj.)	15.3	6.9	5.9	7.4	5.5	4.8	4.1
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Applovin Corp	24,089	26,972	20.2	15.7	12.6	10.9	6.6	5.9	26.0	20.5	17.3
Magnite Inc	1,811	2,091	81.1	25.5	11.4	9.9	3.7	3.3	16.8	14.8	2.6
Trade Desk Inc	44,584	43,264	104.0	72.6	46.7	38.5	19.2	16.0	63.8	53.6	18.6
PubMatic Inc	986	823	101.3	36.3	9.6	7.9	2.9	2.6	90.0	50.7	3.5
DoubleVerify Holdings Inc	3,011	2,703	41.2	29.3	14.2	11.6	4.3	3.7	60.4	43.7	2.7
Criteo SA	1,893	1,597	13.2	14.7	4.9	5.0	1.5	1.5	9.5	10.3	1.8
Liveramp Holdings Inc	1,820	1,473	15.5	13.0	14.5	11.8	2.4	2.2	20.1	19.2	2.1
Verve (Inderes)	307	673	7.4	5.5	6.3	4.4	1.7	1.4	8.3	4.8	0.8
Average			53.8	29.6	16.3	13.7	5.8	5.0	40.9	30.4	6.9
Median			41.2	25.5	12.6	10.9	3.7	3.3	26.0	20.5	2.7
Diff-% to median			-82%	-79%	-50%	-59%	-53%	-58%	-68%	-77%	-72%

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	324	68.8	76.2	78.3	98.7	322	82.5	85.4	94.1	130	392	482	526	567
EBITDA (excl. NRI)	93.2	19.1	21.3	23.1	31.7	95.2	22.0	23.6	26.7	42.3	115	149	165	176
EBITDA	84.8	17.4	20.0	63.7	27.3	128	20.2	22.6	23.7	40.1	107	152	165	175.9
Depreciation	-58.1	-6.4	-7.2	-8.3	-7.6	-29.5	-7.9	-7.9	-8.8	-10.9	-35.5	-46.6	-50.4	-55.4
EBIT (excl. NRI)	76.6	15.2	16.6	18.4	26.8	76.9	16.6	18.2	21.0	35.7	91.5	122	132	138
EBIT	26.6	11.0	12.8	55.4	19.7	99.0	12.3	14.7	15.0	29.2	71.2	105	115	121
Net financial items	-38.0	-10.5	-12.7	-12.8	-14.1	-50.1	-14.1	-14.0	-13.5	-13.5	-55.1	-42.0	-35.2	-29.1
PTP	-11.3	0.6	0.1	42.6	5.6	48.9	-1.9	0.7	1.5	15.7	16.0	63.3	79.6	91.4
Taxes	-9.1	0.0	1.4	-3.4	-0.7	-2.7	2.5	-0.2	-0.4	-3.9	-2.0	-15.8	-19.9	-22.9
Minority interest	0.1	0.3	0.2	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	-20.3	0.82	1.7	39.3	4.9	46.7	0.6	0.5	1.1	11.8	14.0	47.5	59.7	68.6
EPS (adj.)	0.19	0.03	0.03	0.01	0.08	0.15	0.03	0.02	0.04	0.11	0.20	0.35	0.41	0.46
EPS (rep.)	-0.13	0.01	0.01	0.25	0.03	0.29	0.00	0.00	0.01	0.07	0.08	0.25	0.32	0.37

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-%	28.7 %	4.4 %	-2.4 %	-10.6 %	6.3 %	-0.8 %	20.0 %	12.1 %	20.2 %	31.5 %	21.7 %	23.0 %	9.2 %	7.8 %
Adjusted EBIT growth-%	39.5 %	11.4 %	1.0 %	-0.3 %	-4.6 %	0.5 %	9.7 %	10.0 %	13.7 %	33.4 %	19.0 %	33.6 %	8.3 %	4.3 %
EBITDA-%	26.1 %	25.3 %	26.2 %	81.4 %	27.7 %	39.9 %	24.5 %	26.5 %	25.2 %	30.9 %	27.2 %	31.5 %	31.4 %	31.0 %
Adjusted EBIT-%	23.6 %	22.0 %	21.8 %	23.5 %	27.1 %	23.9 %	20.2 %	21.3 %	22.3 %	27.5 %	23.4 %	25.4 %	25.2 %	24.3 %
Net earnings-%	-6.3 %	1.2 %	2.3 %	50.1 %	5.0 %	14.5 %	0.7 %	0.6 %	1.2 %	9.1 %	3.6 %	9.8 %	11.3 %	12.1 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	824	814	981	982	981
Goodwill	588	578	672	672	672
Intangible assets	204	219	290	290	288
Tangible assets	5.5	4.0	6.3	7.1	7.6
Associated companies	1.0	1.0	1.0	1.0	1.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	19.2	1.4	1.4	1.4	1.4
Deferred tax assets	6.7	10.5	10.5	10.5	10.5
Current assets	221	194	104	128	142
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	18.8	39.5	0.0	0.0	0.0
Receivables	52.2	32.3	84.2	104	116
Cash and equivalents	150	122	19.6	24.1	26
Balance sheet total	1045	1007	1085	1110	1123

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	322	352	406	454	514
Share capital	159	159	1.6	1.6	1.6
Retained earnings	1.4	48.1	62.1	110	169
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	162	145	343	343	343
Minorities	-1.2	0.2	0.2	0.2	0.2
Non-current liabilities	503	414	459	421	363
Deferred tax liabilities	24.4	28.9	28.9	28.9	28.9
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	389	348	354	356	322
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	89.6	36.9	76.9	36.7	11.7
Current liabilities	219	241	219	235	246
Interest bearing debt	31.9	66.5	32.0	32.0	32.0
Payables	90.1	102	114	130	142
Other current liabilities	97.5	72.4	72.4	72.4	72.4
Balance sheet total	1045	1007	1085	1110	1123

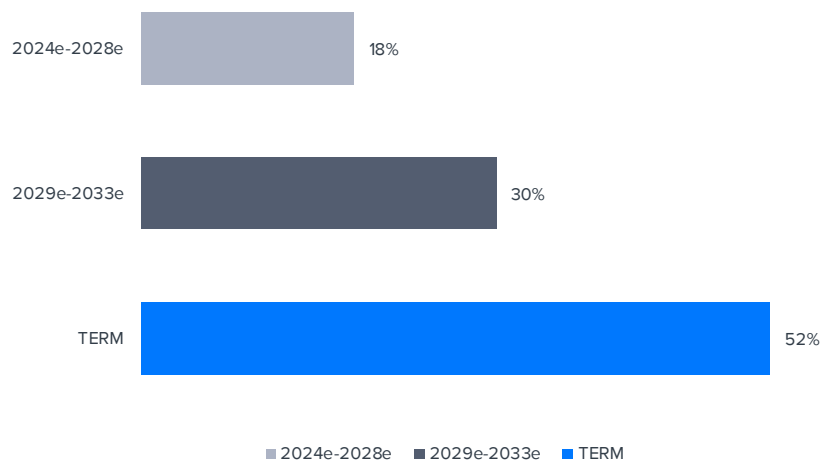
DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-0.8 %	21.7 %	23.0 %	9.2 %	7.8 %	7.0 %	6.0 %	5.0 %	4.0 %	3.0 %	2.0 %	2.0 %
EBIT-%	30.7 %	18.2 %	21.8 %	21.8 %	21.2 %	20.0 %	20.0 %	19.0 %	17.0 %	17.0 %	17.0 %	17.0 %
EBIT (operating profit)	99.0	71.2	105	115	121	121	129	128	119	123	125	
+ Depreciation	29.5	35.5	46.6	50.4	55.4	60.0	64.1	67.7	65.7	68.2	62.3	
- Paid taxes	-2.1	-2.0	-15.8	-19.9	-22.9	-24.1	-26.6	-27.2	-25.7	-27.2	-28.5	
- Tax, financial expenses	-2.8	-6.9	-10.5	-8.8	-7.3	-6.2	-5.6	-4.9	-4.2	-3.5	-2.9	
+ 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	-14.1	0.1	-3.7	-0.2	0.4	0.0	0.3	0.3	0.0	0.1	-0.9	
Operating cash flow	109	97.8	122	136	146	151	161	164	155	161	155	
+ Change in other long-term liabilities	-52.7	40.0	-40.2	-25.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-15.5	-202.8	-47.6	-49.3	-51.4	-53.6	-54.8	-56.2	-58.6	-62.9	-65.6	
Free operating cash flow	41.3	-65.0	34.0	62.0	94.7	97.5	106	108	96.8	97.7	89.9	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	41.3	-65.0	34.0	62.0	94.7	97.5	106	108	96.8	97.7	89.9	1094
Discounted FCFF		-61.7	29.3	48.3	66.9	62.4	61.5	56.8	46.0	42.1	35.1	427
Sum of FCFF present value		814	876	847	798	731	669	607	551	505	462	427
Enterprise value DCF		814										
- Interest bearing debt		-414.5										
+ Cash and cash equivalents		122										
-Minorities		-0.1										
-Dividend/capital return		0.0										
Equity value DCF		521										
Equity value DCF per share		2.8										
Equity value DCF per share (SEK)		31.4										

WACC

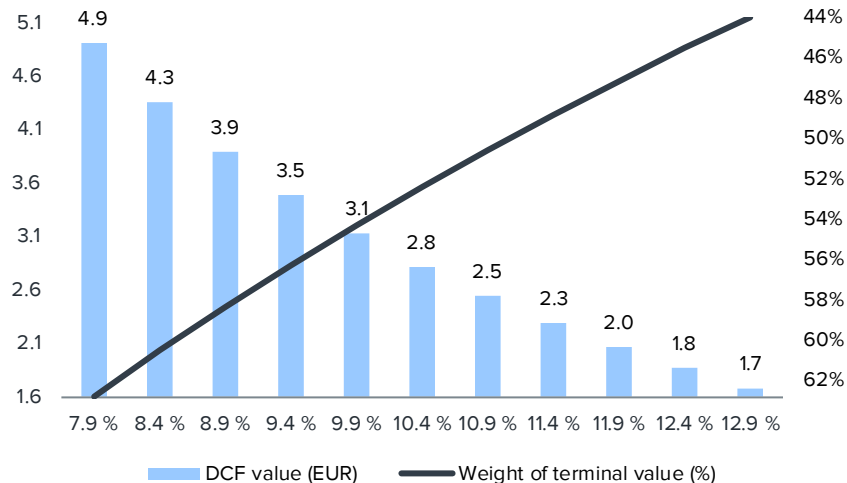
Tax-% (WACC)	25.0 %
Target debt ratio (D/(D+E))	15.0 %
Cost of debt	8.5 %
Equity Beta	1.45
Market risk premium	4.75%
Liquidity premium	1.70%
Risk free interest rate	2.5 %
Cost of equity	11.1 %
Weighted average cost of capital (WACC)	10.4 %

Cash flow distribution

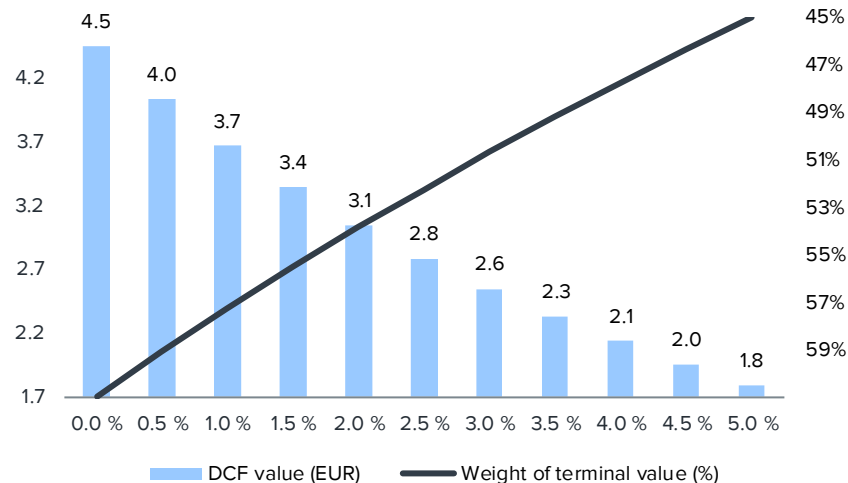


DCF sensitivity calculations and key assumptions in graphs

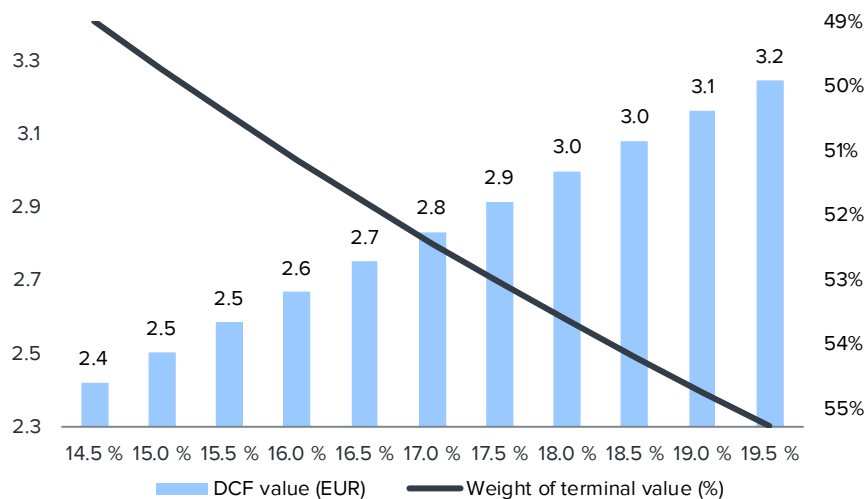
Sensitivity of DCF to changes in the WACC-%



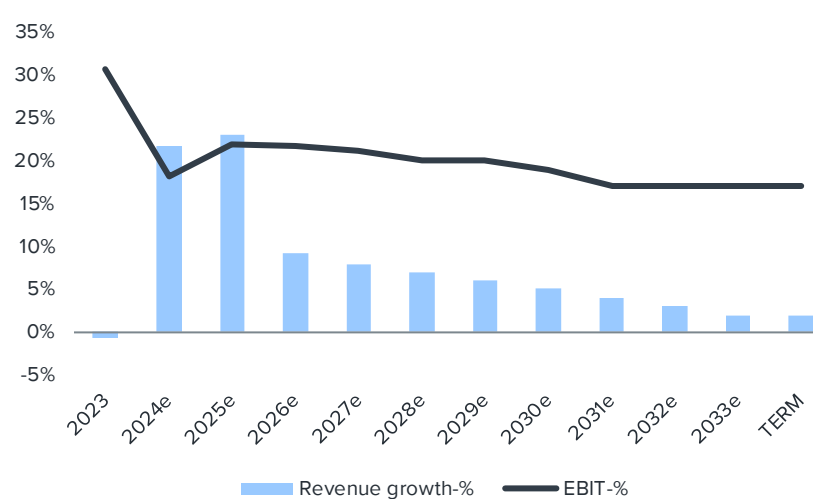
Sensitivity of DCF to changes in the risk-free rate



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	252.2	324.4	322.0	391.8	481.9	EPS (reported)	0.11	-0.13	0.29	0.08	0.25
EBITDA	65.0	84.8	128.5	106.6	151.8	EPS (adj.)	0.24	0.19	0.15	0.20	0.35
EBIT	36.8	26.6	99.0	71.2	105.3	OCF / share	1.06	0.52	0.69	0.57	0.65
PTP	14.9	-11.3	48.9	16.0	63.3	FCF / share	-1.66	-0.52	0.26	-0.38	0.18
Net Income	16.1	-20.3	46.7	14.0	47.5	Bookvalue / share	2.17	2.07	2.21	2.35	2.43
Extraordinary items	-18.1	-49.9	22.1	-20.4	-17.0	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	934.1	1044.7	1007.0	1084.7	1109.6	Revenue growth-%	80%	29%	-1%	22%	23%
Equity capital	307.5	321.7	352.5	406.5	453.9	EBITDA growth-%	145%	30%	52%	-17%	42%
Goodwill	412.0	587.7	578.0	672.0	672.0	EBIT (adj.) growth-%	214%	40%	0%	19%	34%
Net debt	195.8	271.3	292.8	366.0	363.5	EPS (adj.) growth-%	117%	-21%	-18%	29%	74%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	25.8 %	26.1%	39.9%	27.2 %	31.5 %
EBITDA	65.0	84.8	128.5	106.6	151.8	EBIT (adj.)-%	21.8 %	23.6 %	23.9%	23.4 %	25.4 %
Change in working capital	82.0	8.6	-14.1	0.1	-3.7	EBIT-%	14.6 %	8.2 %	30.7%	18.2 %	21.8 %
Operating cash flow	150.2	80.9	109.5	97.8	121.8	ROE-%	6.6 %	-6.4 %	13.8%	3.7 %	11.0 %
CAPEX	-389.4	-236.3	-15.5	-202.8	-47.6	ROI-%	7.7 %	3.7%	13.1%	9.1 %	12.9 %
Free cash flow	-234.8	-81.8	41.3	-65.0	34.0	Equity ratio	32.9 %	30.8%	35.0 %	37.5 %	40.9 %
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	63.7%	84.3%	83.1%	90.0 %	80.1 %
EV/S	3.3	1.6	1.4	1.7	1.4						
EV/EBITDA	11.8	5.6	4.8	6.3	4.4						
EV/EBIT (adj.)	15.3	6.9	5.9	7.4	5.5						
P/E (adj.)	17.9	8.4	6.6	8.3	4.8						
P/B	2.1	0.8	0.5	0.8	0.7						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2022-12-12	Buy	23 kr	16.90 kr
2023-01-03	Buy	26 kr	18.00 kr
2023-06-01	Buy	22 kr	12.70 kr
2023-09-01	Buy	21 kr	15.20 kr
2023-12-01	Buy	16 kr	10.10 kr
2024-03-01	Buy	17 kr	12.09 kr
2024-03-21	Buy	20 kr	16.98 kr

Change of Analyst

2024-05-08	Accumulate	24 kr	20.85 kr
2024-06-24	Buy	28 kr	18.52 kr



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