

## It is a Nordic game now

Inderes' latest acquisition of Swedish virtual event operations marks a significant milestone. The action enables accelerated growth in the Swedish market with a wide customer portfolio to which the company can up-sell its comprehensive offering. While Inderes' Finnish market growth potential looks limited, the Nordic TAM is much larger, allowing significant growth on successful execution. Fair value range hiked to EUR 24-27.

### Key Data (2022E)

Price (EUR)	25.60
Reuters	INDERES.HE
Bloomberg	INDERES.FH
Market cap (EURm)	43
Market cap (USDm)	46
Net debt (EURm)	(1)
Net gearing	(17%)
Net debt/EBITDA (x)	(0.8)
Shares fully dil. (m)	1.7
Avg daily turnover (m)	0.0
Free float	76%

### Accelerating Swedish growth

The recent acquisition of Financial Hearings and Streamfabriken marks a major milestone for Inderes. The acquired customer base allows the up-sell of Inderes' other offering. Compared to organic greenfield expansion in Sweden, the acquisition will provide a significantly faster track to build a copy of the Finnish operations in the new country. We also stress that the >4x Swedish market size offers more significant growth opportunities compared to the Finnish market, where Inderes already has a very high penetration.

### Macro situation not supportive

The macro environment does not support Inderes' organic growth. The IPO market remains quiet and we continue to see an elevated risk of clients becoming more cautious with their IR spending. Also, takeovers could reduce the number of listed companies when valuations are low. However, Inderes' core business is defensive and customer relationships are sticky, which offsets the situation.

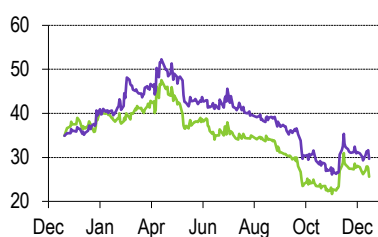
### Model updated with acquisition, fair value rises to EUR 24-27

Our 2023 sales estimate is up 26% and EBITA is up 42%. The changes imply minor organic estimate cuts. We find the EV/EBIT valuation multiple of 8x attractive, especially given that the Inderes' share component used in the transaction was valued at EUR 32 vs. the share price on the day of the deal at EUR 23. We believe the transaction should be value creative and hence raise our fair value range to EUR 24-27 (previously EUR 22-24).

### Estimate Revisions (%)

	2022E	2023E	2024E
Revenues	1	26	23
Adj. EBIT	21	66	38
Adj. EPS	(21)	4	(1)

### Share Price (12M)



Absolute (green) / Relative to Finland (purple).

**Marketing communication  
commissioned by:  
Inderes**

### Financials (EUR)

Year end: Dec	2020	2021	2022E	2023E	2024E
Revenues (m)	9	12	13	19	20
Adj. EBIT	2	2	1	3	4
Pre-tax profit (m)	2	2	1	2	3
EPS	0.00	0.79	0.43	0.94	1.50
Adj. EPS	0.00	0.79	0.43	0.94	1.50
DPS	0.00	0.80	0.70	1.00	1.50
Revenue growth (%)	76.3	35.4	12.8	39.3	9.7
Adj. EBIT growth (%)	96.6	33.5	(41.8)	129.4	38.9
Adj. EPS growth (%)	n.m.	n.m.	(45.9)	119.9	59.0
Adj. EBIT margin (%)	19.8	19.5	10.1	16.6	21.0
ROE (%)	67.4	29.8	10.1	20.2	29.8
ROCE (%)	91.7	51.1	16.3	29.7	39.3
PER (x)		47.3	59.6	27.1	17.1
Free cash flow yield (%)		4.8	4.4	(1.1)	7.2
Dividend yield (%)		2.1	2.7	3.9	5.9
P/BV (x)		9.18	5.63	5.35	4.84
EV/Sales (x)		4.59	3.13	2.34	2.06
EV/Adj. EBITDA (x)	0.0	22.3	27.0	13.1	9.3
EV/Adj. EBIT (x)	0.0	23.5	31.1	14.1	9.8
Operating cash flow/EV (%)		5.7	9.4	(0.3)	8.3
Net debt/EBITDA (x)	(0.50)	(2.90)	(0.87)	0.11	(0.25)

Source for all data on this page: SEB (estimates) and Millstream/Thomson Reuters (prices)

## Big move for Inderes

### **Acquisition makes Inderes market leader in Swedish listed company IR events**

Inderes announced the acquisition of Financial Hearings (FH) and Streamfabriken in early November. With a client base of over 200 listed companies, FH is a market leader in Swedish listed companies earnings calls. With 30 years' experience, the company has a highly established position in the Swedish IR service field.

Streamfabriken offers virtual events also for other clients (outside the listed company clients) in Sweden, Finland and Norway. Streamfabriken also acts as a production company for FH. Although the two companies are separate entities, they have very close ties and cooperation and hence the acquisition of both companies is a natural move. It is also noteworthy that Streamfabriken builds its service on Inderes' Videosync technology, which should ease the business integration.

Inderes estimates that the acquired companies' combined sales in 2022E will be c. EUR 4m and EBITDA should land at EUR 0.9m. The acquisition adds around 30% to Inderes' sales and 60% to EBITA. Inderes will pay EUR 8.2m for the acquisition with EV being EUR 7.3m. Around 19% (or EUR 1.6m) of the purchase price will be paid with Inderes shares with the remainder paid in two tranches, of which the second will be paid in February 2024.

### **Some operational synergies as low hanging fruits**

Although the main rationale behind the transaction is the growth opportunity in the Swedish market, we think that there might be some cost synergies as well. The increased capacity should allow scale while some planned capex could be reduced. Perhaps more importantly, the larger organisation in Sweden eases some operational work that relates to building the future organisation and operations. Furthermore, we note that FH could save some conference call service costs as it changes to Inderes' automated software-based conference call platform. As noted above, Streamfabriken already uses Inderes' Videosync platform, which should ease the technological integration.

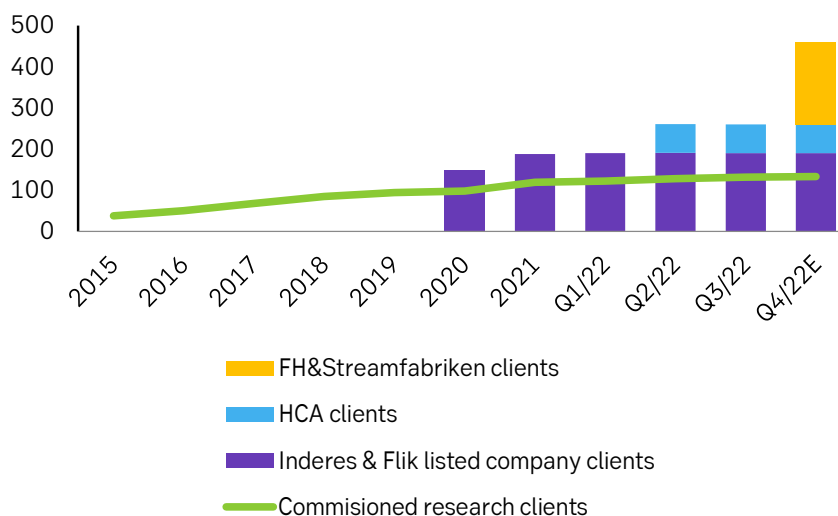
### **The advantage is the accelerated expansion in the Swedish market**

FH's sticky and long customer relationships offer fruitful ground for up-selling Inderes' other service offering. Basically, the customer base will double and virtually all of the Swedish customers will only have one service element. The sales process of commissioned research, AGM services and IR services should be much easier vs. the previous (almost) greenfield plan. We also think that Inderes could increase the revenue per existing client by offering more advanced virtual events for listed companies, quarterly calls and other events. Furthermore, there is a wide prospect base outside of FH's current customer base in Sweden.

Up-selling to the acquired customer base offers a much faster way to grow in Sweden. In our previous notes we have talked about the difficulty to reach the critical mass in the Swedish market. Without covered companies, the content production to Inderes.se platform would be costly, and on the other hand, there is no relevant investor community to pitch the companies. Now, thanks to the acquisition, Inderes will have a direct relationship to currently 200 clients. Still, winning the commissioned research mandates could take some time, but the road should be much smoother.

Given the sales cycle, we think that 2023 sales synergy impacts will be limited, but by 2024, there could be a tangible impact from the acquisition up-sell.

**Up-sell potential – number of listed company clients**



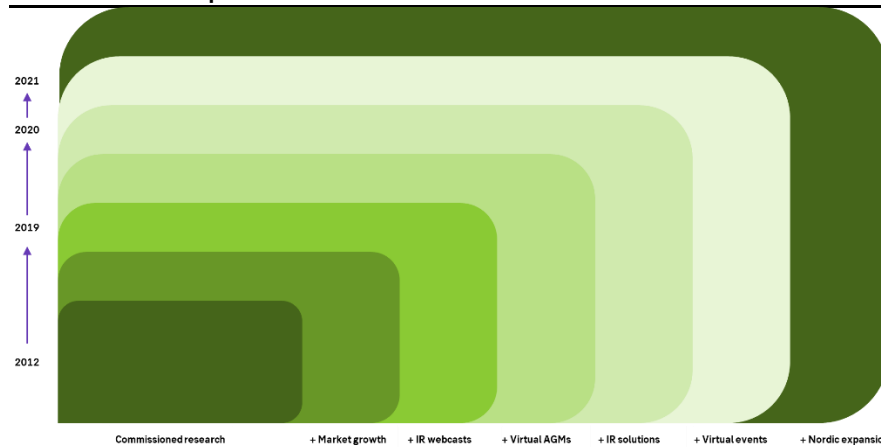
Source: SEB, Inderes

## Nordic market has huge opportunity

As we wrote in [our coverage initiation report \(published May 2022\)](#) Inderes' has relatively limited growth opportunities in Finland due to the very high market penetration. For example, in terms of commissioned research business, the company's market penetration is already close to 70% and reaching the 100% penetration is not realistic. Hence, we have argued that growth in the Finnish market will be highly dependent on the IPO market, and to some extent, cross-selling the new services to the existing client base.

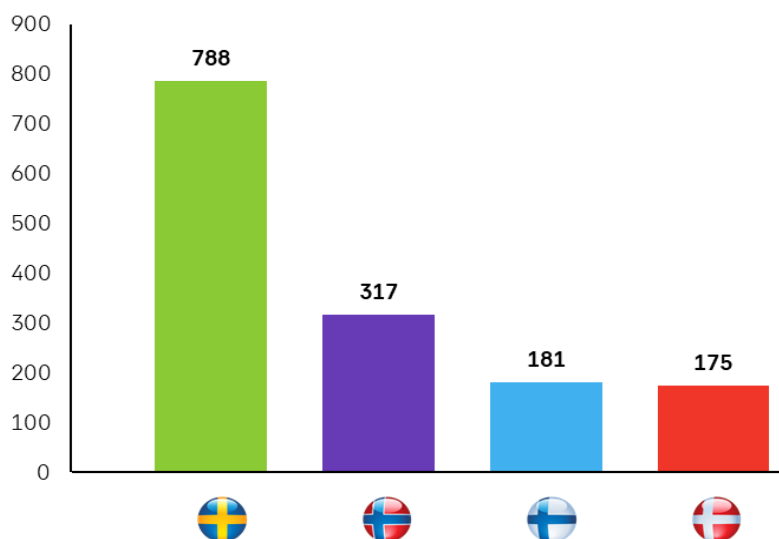
Inderes has a huge market opportunity in the Nordics where penetration has been very low. The Swedish acquisition will increase access to the virtual event market, and there will also be significant potential in other business domains, such as commissioned research and IR-services, where increasing market potential will become easier with a significantly increased customer base.

**Inderes' market expansion**



Source: SEB, Inderes

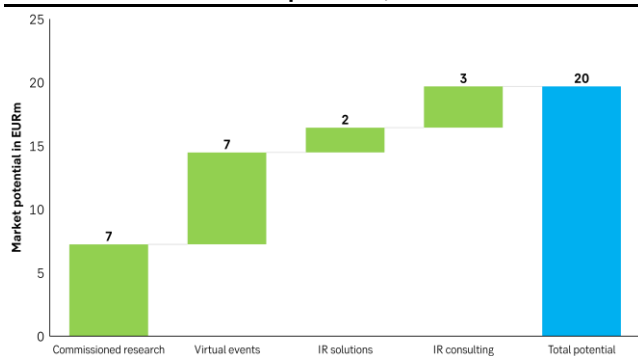
**Number of exchange listed companies in Nordics (as of spring 2022)**



Source: SEB, Nasdaq

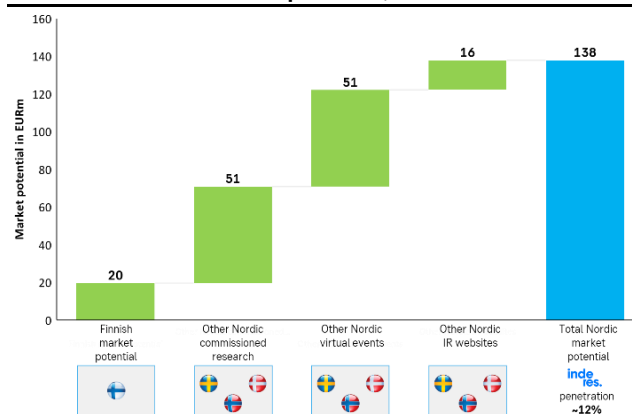
As outlined in our initiation of coverage report in May, we estimate Inderes' theoretical addressable market in Finland to be valued at EUR 20m. Nordic expansion increases Inderes' addressable market significantly and we estimate a theoretical Nordic market potential of EUR 138m; although this is unrealistic as this would mean selling all services (such as commissioned research) to all large companies. Since the majority of Inderes sales have come from Finland, Inderes already has a very high market share there. We estimate that Inderes covered about 9% of the theoretical Nordic market potential before the acquisition, and that this will now increase to 12%, hence there is still significant potential for growth and a promising foundation for the Nordic expansion. For example, we estimate that Inderes only has c. 8% penetration of the total Nordic commissioned research market potential of EUR 58m, of which around 70% could be achievable in the commissioned research domain, as it is unrealistic to assume that all the large companies with wide research coverage would acquire commissioned research. Sweden plays the largest role in the Nordic market.

**Finnish theoretical market potential, SEB estimate**



Source: SEB

**Nordic theoretical market potential, SEB estimate**



Source: SEB

## Estimate changes

The estimate changes for 2022E are muted as the acquired businesses will have relatively limited sales in November and December due to seasonality. However, for 2023E, we have raised sales by 26% or EUR 3.8m. This implies minor organic estimate cuts, due to the weaker economic outlook.

Note that Inderes continues to build its Swedish operations and so profitability in the region will remain under the potential for some time. Consequently, our 2023E EBITA is up EUR 0.9m. Please note that our front page tables now show EBITA as adjusted EBIT, and so the front-page deviation table does not match the table below.

Estimate revisions									
(EURm)	New estimates			Old estimates			Difference (%)		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Sales	13.3	18.6	20.4	13.2	14.8	16.6	1	26	23
EBITA	1.3	3.0	4.1	1.4	2.1	3.2	-7	42	26
EBITA margin (%)	9.8	16.0	20.0	10.7	14.1	19.4	-0.9pp	1.9pp	0.5pp
EPS	0.46	0.73	1.30	0.54	0.91	1.51	-20	4	-1
<b>Sales</b>									
Recurring revenue	7.5	11.6	11.7	7.5	8.5	9.1	0	36	29
Project revenue	5.8	7.0	8.7	5.7	6.3	7.5	3	11	15
<b>Other data</b>									
No. of paid reserach, period-end	133	137	147	133	135	139	0	1	5
No. of employees, avg.	96	122	127	95	100	104	2	22	22

Source: SEB

## SEB estimates

Quarterly estimates								
	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22E
<b>Net sales</b>	<b>3.1</b>	<b>2.7</b>	<b>2.6</b>	<b>3.4</b>	<b>3.2</b>	<b>3.4</b>	<b>3.0</b>	<b>3.7</b>
Other income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Materials and services	-0.4	-0.3	-0.4	-0.4	-0.4	-0.5	-0.4	-0.5
Gross profit	2.6	2.4	2.1	3.0	2.9	2.8	2.6	3.3
-margin-%	86%	87%	83%	87%	89%	84%	86%	88%
Personnel expenses	-1.3	-1.5	-1.1	-1.8	-2.0	-2.1	-1.4	-2.3
Other operating costs	-0.5	-0.5	-0.4	-0.5	-0.5	-0.6	-0.5	-0.6
EBITDA reported	0.8	0.3	0.6	0.7	0.4	0.2	0.7	0.3
EBITDA adjusted	0.8	0.3	0.6	0.7	0.4	0.2	0.7	0.3
-margin-%	0.3	0.1	0.2	0.2	0.1	0.0	0.2	0.1
Depreciation	-0.03	-0.04	-0.03	-0.03	-0.03	-0.05	-0.06	-0.06
EBITA	0.8	0.3	0.5	0.7	0.3	0.1	0.6	0.2
<b>EBITA adjusted</b>	<b>0.8</b>	<b>0.3</b>	<b>0.5</b>	<b>0.7</b>	<b>0.3</b>	<b>0.1</b>	<b>0.6</b>	<b>0.2</b>
<b>-margin-%</b>	<b>26%</b>	<b>11%</b>	<b>21%</b>	<b>20%</b>	<b>10%</b>	<b>3%</b>	<b>21%</b>	<b>6%</b>
Amortisation	-0.09	-0.09	-0.09	-0.09	-0.09	-0.09	-0.09	-0.12
EBIT reported	0.7	0.2	0.4	0.6	0.2	0.0	0.5	0.1
EBIT adjusted	0.7	0.2	0.4	0.6	0.2	0.0	0.5	0.1
-margin-%	23%	8%	17%	17%	8%	1%	18%	3%

Source: SEB

<b>Annual estimates</b>						
	2019	2020	2021	2022E	2023E	2024E
<b>Net sales</b>	<b>5.0</b>	<b>8.7</b>	<b>11.8</b>	<b>13.3</b>	<b>18.6</b>	<b>20.4</b>
Other income	0.0	0.0	0.0	0.0	0.0	0.0
Materials and services	-0.5	-1.2	-1.7	-1.8	-2.2	-2.0
Gross profit	4.4	7.5	10.2	11.6	16.4	18.4
-margin-%	89%	86%	86%	87%	88%	90%
Personnel expenses	-2.9	-4.1	-5.8	-7.9	-10.3	-11.1
Other operating costs	-0.6	-1.5	-1.9	-2.2	-2.8	-3.0
EBITDA reported	0.9	1.8	2.4	1.5	3.2	4.3
<b>EBITDA adjusted</b>	<b>0.9</b>	<b>1.8</b>	<b>2.4</b>	<b>1.5</b>	<b>3.2</b>	<b>4.3</b>
-margin-%	<b>19%</b>	<b>21%</b>	<b>21%</b>	<b>11%</b>	<b>17%</b>	<b>21%</b>
Depreciation	-0.07	-0.10	-0.12	-0.20	-0.23	-0.25
EBITA	0.9	1.7	2.3	1.3	3.0	4.1
<b>EBITA adjusted</b>	<b>0.9</b>	<b>1.7</b>	<b>2.3</b>	<b>1.3</b>	<b>3.0</b>	<b>4.1</b>
-margin-%	<b>18%</b>	<b>20%</b>	<b>20%</b>	<b>10%</b>	<b>16%</b>	<b>20%</b>
Amortisation	-0.1	-0.3	-0.3	-0.4	-0.9	-0.9
EBIT reported	0.8	1.4	2.0	0.9	2.0	3.1
EBIT adjusted	0.8	1.4	2.0	0.9	2.0	3.1
-margin-%	16%	16%	17%	7%	11%	15%
Net financials	0.0	0.2	-0.2	0.0	-0.1	-0.1
Pre-tax profit	0.8	1.6	1.7	1.0	2.0	3.2
Earnings	0.6	1.2	1.3	0.7	1.6	2.5
Minority share	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings for owners	0.6	1.1	1.3	0.7	1.6	2.5
<b>EPS</b>			<b>0.77</b>	<b>0.43</b>	<b>0.95</b>	<b>1.50</b>
<b>Other data</b>						
Employees avg.	42	52	72	96	122	127
No. of Finnish commissioned research, period end	94	98	119	133	137	147

Source: SEB

## Valuation

Inderes acquired the Swedish operations at EV/EBIT of 8x. However, its share was valued at EUR 31.92 while the share price on the day before the announcement was EUR 23.45. Hence, we calculate a theoretical EV/EBIT of somewhat below 8x. This compares to Inderes own pre-announcement EV/EBITA of 24x. Hence the transaction's theoretical multiple arbitrage was c. 35% per Inderes share. However, we argue that Inderes' short-term valuation remains rich and hence we are not ready to price in the acquired EBIT with 2022E multiple. In our view, the deal significantly reduces the risk for the long-term growth estimates. Our DCF valuation mid-point rises to EUR 30 (previously EUR 27). However, the peer comparison continues to drag down the blended valuation in our assessment. We take the peer valuation range by using peer group 2022E and 2024E EV/EBITDA. All in all, our fair valuation range rises to EUR 24-27 (previously EUR 22-24).

### SEB fair value range setting

#### DCF valuation

Mid-point		30
Range with +/-2% growth sensitivity	27	32

#### Peer group benchmarking

DCF & peer group valuation with 60/40 weighting	21	30
<b>SEB fair value range</b>	<b>24</b>	<b>27</b>

Source: SEB

**DCF summary table**

DCF valuation (EURm)		Weighted average cost of capital (%)	
NPV of FCF in explicit forecast period	23	Risk free interest rate	2.5
NPV of continuing value	25	Risk premium	6.5
<b>Value of operation</b>	<b>48</b>	<b>Cost of equity</b>	<b>9.0</b>
Net debt	(1)	<b>After tax cost of debt</b>	<b>2.0</b>
Share issue/buy-back in forecast period	-		
Value of associated companies	-	<b>WACC</b>	<b>9.0</b>
Value of minority shareholders' equity	-		
Value of marketable assets	-	<b>Assumptions</b>	
<b>DCF value of equity</b>	<b>50</b>	Number of forecast years	10
<b>DCF value per share (EUR)</b>	<b>30</b>	EBIT margin - steady state (%)	12.9
Current share price (EUR)	27.60	EBIT multiple - steady state (x)	13.7
DCF performance potential (%)	7	Continuing value (% of NPV)	52.1

Source: SEB

**DCF assumption details**

(EURm)	2022E	2023E	2024E	2025E	2026E	Average year 6	Average year 7-8	Average year 9-10
Sales growth (%)	12.9	39.3	9.7	9.0	8.0	7.0	5.0	2.5
EBITDA margin (%)	11.3	17.2	21.2	22.2	23.2	23.5	23.5	20.8
EBIT margin (%)	7.0	7.7	12.4	13.4	14.9	15.6	16.0	13.6
Gross capital expenditures as % of sales	74.2	1.9	1.7	1.7	1.7	1.7	1.7	1.7
Working capital as % of sales	(32.0)	(8.0)	(7.1)	(6.1)	(6.1)	(6.1)	(6.1)	(6.1)
Lease repayments as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sales	13	19	20	22	24	26	28	29
Depreciation	(0)	(0)	(0)	(0)	(0)	(0)	(1)	(1)
Intangibles amortisation	(0)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
EBIT	1	1	3	3	4	4	4	4
Taxes on EBIT	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Increase in deferred taxes	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
<b>NOPLAT</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>
Gross capital expenditure	(10)	(0)	(0)	(0)	(0)	(0)	(0)	(1)
Increase in working capital	3	(3)	(0)	(0)	0	0	0	0
Lease repayments	0	0	0	0	0	0	0	0
<b>Free cash flow (incl. lease repayments)</b>	<b>(6)</b>	<b>(0)</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>
ROIC (%)	10.9	24.9	32.9	42.9	60.2	85.3	182.9	237.5
ROIC-WACC (%)	1.9	15.9	23.9	33.9	51.2	76.3	173.9	228.5
Share of total net present value (%)	0.0	(0.9)	5.9	6.3	6.9	6.8	12.8	10.1

Source: SEB

**Peer valuation table (as of 16 December)**

	Ccy	Price (lcl ccy)	Mkt Cap (EURm)	PER (x)			EV/Sales			Exp. Sales Growth		
				2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
ENENTO GROUP OYJ	EUR	21.0	504.7	18.4	17.2	14.7	3.8	3.7	3.4	3%	2%	5%
ALMA MEDIA CORP	EUR	9.6	794.2	13.4	14.8	14.4	3.0	2.9	2.8	13%	0%	3%
SANOMA OYJ	EUR	10.2	1668.4	15.6	14.5	13.0	1.9	1.7	1.7	4%	9%	2%
GOFOR OYJ	EUR	22.8	353.5	21.2	20.5	17.2	2.2	1.9	1.6	40%	11%	11%
TALENOM OYJ	EUR	9.3	418.5	30.8	29.4	25.7	4.5	3.8	3.1	25%	23%	20%
EQS GROUP AG	EUR	24.6	208.4	nm	63.1	20.2	3.8	2.8	2.1	25%	34%	24%
BROADRIDGE FINANCIAL SOLUTIO	USD	135.0	14908.2	19.4	17.8	16.2	3.1	2.9	2.7	7%	5%	4%
<b>Average</b>				<b>19.8</b>	<b>25.3</b>	<b>17.3</b>	<b>3.2</b>	<b>2.8</b>	<b>2.5</b>	<b>17%</b>	<b>12%</b>	<b>10%</b>
<b>Median</b>				<b>18.9</b>	<b>17.8</b>	<b>16.2</b>	<b>3.1</b>	<b>2.9</b>	<b>2.7</b>	<b>13%</b>	<b>9%</b>	<b>5%</b>
<b>INDERES - SEB est.</b>	<b>EUR</b>	<b>27.6</b>	<b>45.1</b>	<b>59.7</b>	<b>37.7</b>	<b>21.2</b>	<b>3.4</b>	<b>2.5</b>	<b>2.2</b>	<b>12.9%</b>	<b>39.3%</b>	<b>9.7%</b>
	2022E	EV/EBITDA		2022E	EV/EBIT		EBIT margin (%)			Sales growth (%) + EBIT mgn (%)		
		2023E	2024E		2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
ENENTO GROUP OYJ	10.6	10.2	8.9	17.7	16.0	13.4	21%	23%	25%	25%	25%	30%
ALMA MEDIA CORP	9.6	10.5	9.9	11.8	13.2	12.2	26%	22%	23%	38%	22%	26%
SANOMA OYJ	7.4	6.4	6.0	19.6	15.2	13.9	10%	11%	12%	14%	20%	14%
GOFOR OYJ	14.8	12.7	10.3	19.6	16.7	12.9	11%	12%	13%	51%	23%	24%
TALENOM OYJ	14.0	12.7	11.0	27.8	25.8	21.4	16%	15%	14%	41%	38%	34%
EQS GROUP AG	39.7	15.5	7.9	nm	34.0	12.6	-3%	8%	17%	22%	42%	40%
BROADRIDGE FINANCIAL SOLUTIO	13.8	12.8	12.0	16.6	15.5	14.0	19%	19%	19%	26%	24%	23%
<b>Average</b>	<b>15.7</b>	<b>11.5</b>	<b>9.4</b>	<b>18.8</b>	<b>19.5</b>	<b>14.3</b>	<b>14%</b>	<b>16%</b>	<b>18%</b>	<b>31%</b>	<b>28%</b>	<b>27%</b>
<b>Median</b>	<b>13.8</b>	<b>12.7</b>	<b>9.9</b>	<b>18.6</b>	<b>16.0</b>	<b>13.4</b>	<b>16%</b>	<b>15%</b>	<b>17%</b>	<b>26%</b>	<b>24%</b>	<b>26%</b>
<b>INDERES - SEB est.</b>	<b>30.0</b>	<b>14.5</b>	<b>10.4</b>	<b>48.4</b>	<b>32.5</b>	<b>17.7</b>	<b>9.8%</b>	<b>16.0%</b>	<b>20.0%</b>	<b>23%</b>	<b>55%</b>	<b>30%</b>

Source: SEB, Bloomberg

## SEB ESG assessment (SEAM)

In this report we also include SEB's ESG assessment in our Inderes analysis. Being an expertly-driven company, the direct environmental impacts are minor and we estimate the company's carbon footprint to be very small. However, we identify some positive demand drivers from an ESG perspective. First, we think that Inderes mission of democratising the market information has a positive societal impact, especially for the smaller companies that are not covered by SEB's research analysts and need independent analysis. Second, we think that Inderes' virtual events have a small positive environmental impact as they reduce the need to travel and hence lessen the carbon footprint. All in all, we estimate that the ESG factors have a 4% impact on the company's valuation (included in our estimates).



# SEAM (SEB's ESG Assessment Methodology)

## Inderes

Country: Finland Sector: Services Enterprise value (yr end): EUR 0.0bn Mid-point Equity Valuation: EUR 0.0bn

### ESG impact on NPV (as % of enterprise valuation)

Total impact over time	4
of which:	
- impact reflected in mid-point enterprise valuation	0
- impact yet-to-be reflected in mid-point enterprise valuation	4

### ESG impact on NPV (as % of equity valuation)

Total impact over time	4
of which:	
- impact reflected in mid-point equity valuation	(3)
- impact yet-to-be reflected in mid-point equity valuation	6

In our view, ESG factors will be overall neutral to the company's financial value over time, with the impact constant during the next 10 years. The most material ESG factors (sub-issues) are Inderes' online events that reduce traffic related to events and that Inderes democratises stock market information to make it more broadly available. We believe that most of the key ESG factors could be manageable by the company. For those manageable factors, we believe that the company's current approach could be improved by establishing and further developing policies and reporting on ESG topics. Our mid-point equity valuation fully reflects the ESG impact. In our view, the company's revenues are not currently assessable with EU taxonomy technical assessment criteria. From a responsibility perspective, we believe that the company is managing current ESG issues to some extent. At our last update, this company was not rated by Sustainalytics.

## SEB ESG Financial Assessment ("SEFA")

	0-3 yrs	4-10+ yrs
SEFA overall assessment (qualitative):		

### Most material issues from a financial performance and value perspective (SEB view)

#### Other Societal ESG Impacts

A Inderes democratises stock market information to make it widely available

	
---	---

#### Climate related impact - products/services

B Inderes offers online events that can reduce traffic related to events

	
---	---

### Sales (price/volume) exposure to ESG opportunities/threats

	NPV/EV (%)	Impact on Sales CAGR (%pa)	
A Inderes democratises stock market information to make it more broadly available	2	1	1
B Inderes offers online events that can reduce traffic related to events	2	1	1
<b>Sub-total</b>	<b>4</b>	<b>1</b>	<b>1</b>

**Grand total of impacts (% NPV/EV) 4**

## Inderes (cont.)

### SEB ESG Responsibility Assessment ("SERA")

0-3 yrs

4-10+ yrs

SERA overall assessment (qualitative):



#### Key concern responsibility issues (SEB view)

##### ESG Integration in Financial Services

Cyber security risks related to Inderes digital platforms



### Sustainability governance information

Commitment to Paris Accord (e.g. approved science based targets)

No

CEO participation in Sustainability Committee

No

CEO remuneration linked to delivery of sustainability goals and reporting

No

Ultimate Responsible for Sustainability

CEO

Is Ultimate Responsible a member of the company's top management committee?

Yes

Last updated: 2022-12-15

# Overview

## Investment considerations

Inderes has a very strong position in the Finnish commissioned research market due to its active investor community and over 120 commissioned research clients. Inderes' commissioned research provides up to 30% EBITDA margin, meaning high recurring cash flows. Inderes has expanded to virtual events and IR solutions with a strong track record in cross-selling. The key long-term growth will drive Nordic expansion. We calculate that the Nordic market potential is roughly 7x the Finnish market.

## Company profile

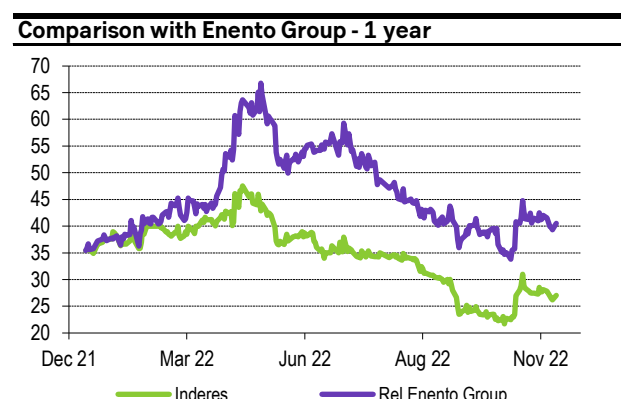
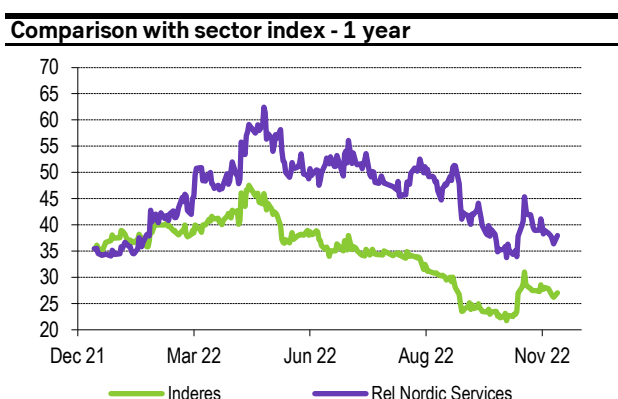
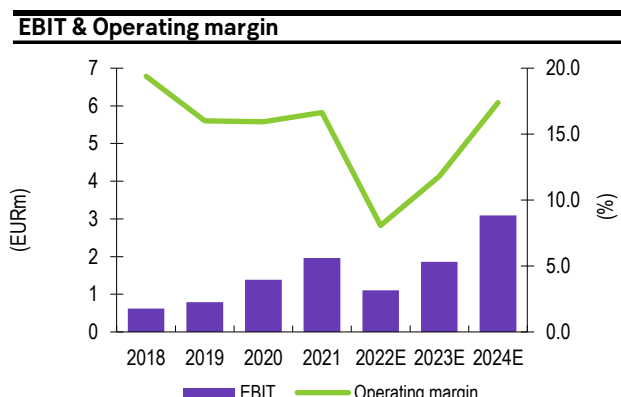
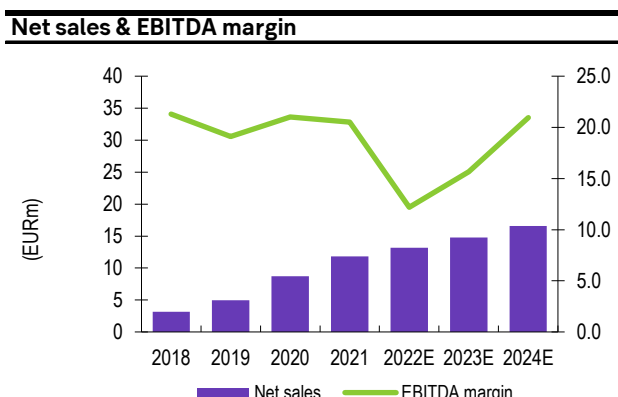
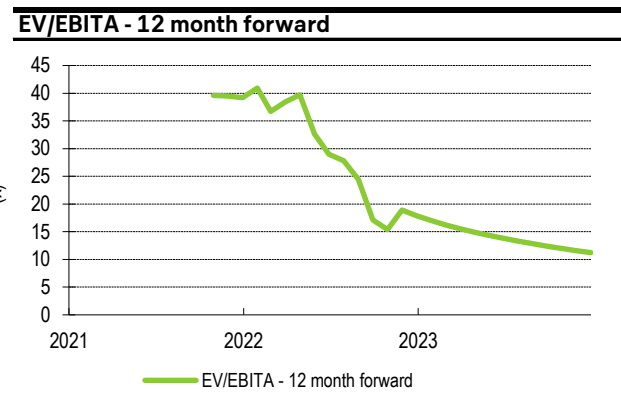
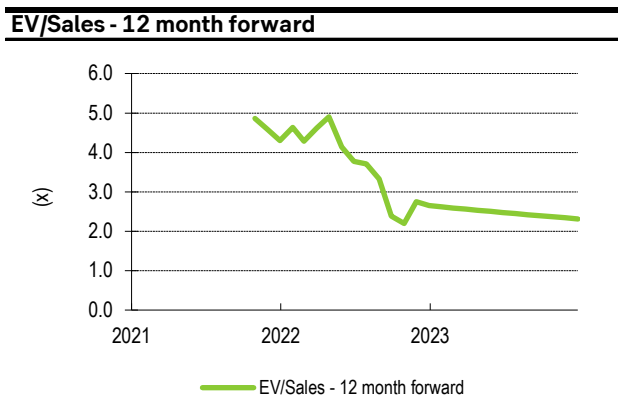
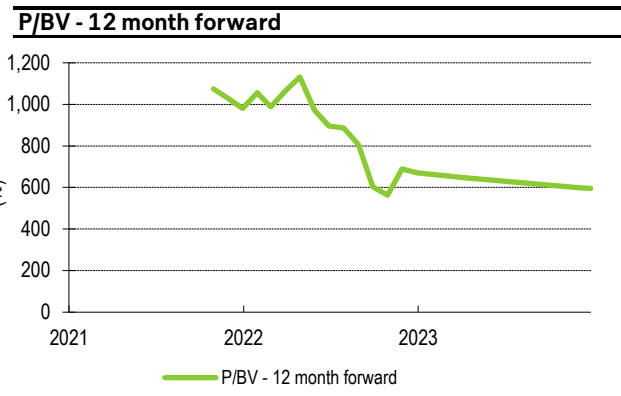
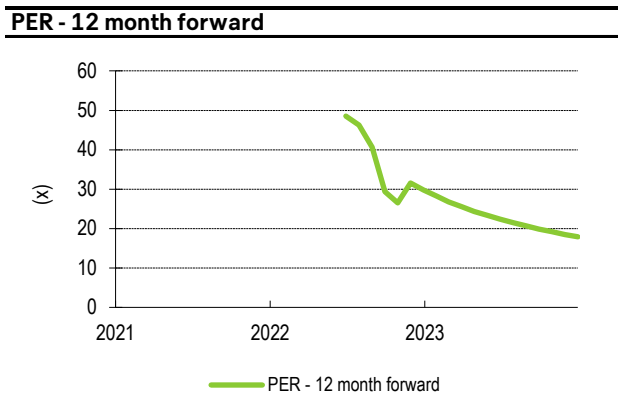
Inderes provides IR services connecting stock-listed companies and investors. It has over 190 Finnish stock-listed companies as customers. Inderes has three main business areas: commissioned equity research, virtual events through its subsidiary Flik and IR solutions. In addition, Inderes operates an investment platform for its over 75,000 active users.

## Valuation approach

We base our fair value range on DCF and peer group valuation. In our DCF, we assume a relatively low WACC for mature and defensive Finnish commissioned research while the Nordic growth estimates are more uncertain and thus require a higher capital cost. We give a lower weight for the peer group valuation due to the lack of direct peers.

## Investment risks

The company is expanding geographically and failure in expansion would mean notably lower growth estimates; however, we believe that success in expansion creates upside risk to our fair valuation. Another significant risk relates to an economic downturn, which could result in a slowing IPO market and trend where companies start to reduce IR functions. This could slow market growth. We also flag other risks, e.g. related to key personnel and new competitors.



<b>Profit &amp; loss statement - Inderes</b>							
(EURm)	2018	2019	2020	2021	2022E	2023E	2024E
Net Sales	3	5	9	12	13	19	20
Other revenues	0	0	0	0	0	0	0
<b>Total revenues</b>	<b>3</b>	<b>5</b>	<b>9</b>	<b>12</b>	<b>13</b>	<b>19</b>	<b>20</b>
Total expenses	(3)	(4)	(7)	(9)	(12)	(15)	(16)
<b>Profit before depreciation</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>4</b>
Depreciation - Fixed assets	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Depreciation - Other assets	0	0	0	0	0	0	0
Depreciation of right-of-use assets	0	0	0	0	0	0	0
Amortisation - Goodwill	0	(0)	(0)	(0)	(0)	(1)	(1)
Amortisation - Other intangibles	0	0	0	0	0	0	0
<b>Operating profit</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>3</b>
Associated companies	0	0	0	0	0	0	0
Net interest expenses	0	0	0	(0)	0	(0)	(0)
Foreign exchange items	0	0	0	0	0	0	0
Other financial items	0	0	0	0	0	0	0
Value changes - Fixed assets	0	0	0	0	0	0	0
Value changes - Financial assets	0	0	0	0	0	0	0
Value changes - Other assets	0	0	0	0	0	0	0
<b>Reported pre-tax profit</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>3</b>
Minority interests	0	(0)	(0)	(0)	(0)	0	0
Total taxes	(0)	(0)	(0)	(0)	(0)	(0)	(1)
<b>Reported profit after tax</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>3</b>
Discontinued operations	0	0	0	0	0	0	0
Extraordinary items	0	0	0	0	0	0	0
<b>Net Profit</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>3</b>
<u>Adjustments:</u>							
Discontinued operations	0	0	0	0	0	0	0
Interest on convertible debt	0	0	0	0	0	0	0
Minority interests (IFRS)	0	0	0	0	0	0	0
Value changes	0	0	0	0	0	0	0
Goodwill/intangibles amortisations	0	0	0	0	0	1	1
Restructuring charges	0	0	0	0	0	0	0
Other adjustments	0	(0)	(0)	(0)	(0)	(1)	(1)
Tax effect of adjustments	0	0	0	0	0	0	0
<b>Adjusted profit after tax</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>3</b>
<b>Margins, tax &amp; returns</b>							
Operating margin	19.4	16.0	15.9	16.6	7.0	10.9	15.4
Pre-tax margin	19.5	16.2	18.3	14.7	7.4	11.0	15.9
Tax rate	20.1	19.7	27.2	22.8	24.5	22.0	22.0
ROE	88.8	61.6	67.4	29.8	10.1	20.2	29.8
ROCE	111.2	71.7	91.7	51.1	16.3	29.7	39.3
<b>Growth rates y-o-y (%)</b>							
Total revenues	n.a.	55.7	76.3	35.4	12.8	39.3	9.7
Operating profit	29.9	28.7	74.8	41.7	(52.6)	117.7	54.5
Pre-tax profit	24.9	28.9	98.4	9.0	(43.2)	106.7	59.0
EPS (adjusted)	0.0	0.0	0.0	0.0	(45.9)	119.9	59.0
<b>Cash flow</b>							
(EURm)	2018	2019	2020	2021	2022E	2023E	2024E
Net profit	0	1	1	1	1	2	3
Non-cash adjustments	0	0	1	1	1	1	1
<b>Cash flow before work cap</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>4</b>
Ch. in working capital / Other	(0)	1	(1)	1	3	(3)	(0)
<b>Operating cash flow</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>(0)</b>	<b>3</b>
Capital expenditures	0	0	(0)	(0)	(2)	(0)	(0)
Asset disposals	0	0	0	0	0	0	0
L/T financial investments	0	0	(0)	(0)	(2)	0	0
Acquisitions / adjustments	0	0	0	0	(6)	0	0
<b>Free cash flow</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>(6)</b>	<b>(0)</b>	<b>3</b>
Net loan proceeds	0	0	(0)	(0)	2	0	0
Dividend paid	0	0	(1)	(1)	(1)	(1)	(2)
Share issue	0	0	0	5	2	0	0
Other	0	0	(0)	(1)	0	0	0
<b>Net change in cash</b>	<b>0</b>	<b>2</b>	<b>(0)</b>	<b>6</b>	<b>(4)</b>	<b>(2)</b>	<b>1</b>
<b>Adjustments</b>							
C/flow bef chng in work cap	1	1	2	2	1	3	4
Adjustments	0	0	0	0	0	0	0
Int on conv debt net of tax	0	0	0	0	0	0	0
Cash earnings	1	1	2	2	1	3	4
<b>Per share information</b>							
Cash earnings	0.0	0.0	0.0	1.3	0.76	1.58	2.09
Operating cash flow	0.0	0.0	0.0	1.9	2.32	(0.08)	2.06
Free cash flow	0.0	0.0	0.0	1.78	(3.56)	(0.28)	1.85
<b>Investment cover</b>							
Capex/sales (%)	0.0	0.0	2.6	1.7	15.0	1.9	1.7
Capex/depreciation (%)	0	0	222	163	990	151	140

Source for all data on this page: SEB

**About this publication**

This report is a marketing communication commissioned by Inderes and prepared by Skandinaviska Enskilda Banken AB (publ). It does not constitute investment research; as such, it has not been prepared in accordance with the legal requirements to promote the independence of investment research, nor is it subject to any prohibition on dealing ahead of the dissemination of investment research.

**This statement affects your rights**

This report is confidential and may not be reproduced, redistributed or republished by any recipient for any purpose or to any person. Redistributing this report to third parties may invoke legal requirements on the person engaging in such activities.

**Producers and Recipients**

SEB Research is approved and issued by Skandinaviska Enskilda Banken AB (publ) ("SEB"), a bank organized under the laws of the Kingdom of Sweden, on behalf of itself and its affiliates for institutional investors. When SEB Research is issued by an SEB subsidiary, the subsidiary itself is subject to this disclaimer.

**Use**

This material has been prepared by SEB for information purposes only. It does not constitute investment advice and is being provided to you without regard to your investment objectives or circumstances. The document does not constitute an invitation or solicitation of an offer to subscribe for or purchase any securities and neither this document nor anything contained herein shall form the basis for any contract or commitment whatsoever. Opinions contained in the report represent the authors' present opinion only and may be subject to change. In the event that the authors' opinion should change, we shall endeavour (but do not undertake) to disseminate any such change, within the constraints of any regulations, applicable laws, internal procedures within SEB, or other circumstances.

**Good faith and limitations**

All information, including statements of fact, contained in this research report have been obtained and compiled in good faith from sources believed to be reliable. However, no representation or warranty, express or implied, is made by SEB with respect to the completeness or accuracy of its contents, and it is not to be relied upon as authoritative and should not be taken in substitution for the exercise of reasoned, independent judgement by you. Recipients are urged to base their investment decisions upon such investigations as they deem necessary. To the extent permitted by applicable law, no liability whatsoever is accepted by SEB for any direct or consequential loss arising from the use of this document or its contents.

**Distribution**

This research report has been prepared by SEB or its affiliates and is being distributed by SEB offices in Stockholm, Copenhagen, Oslo, Helsinki, Frankfurt, London, Tallinn, Vilnius and Riga. Research reports are prepared and distributed in Lithuania by AB SEB bankas and in Estonia by AS SEB Pank in accordance with the requirements of the local laws and Financial Supervision Authority's conduct of business rules. This document may not be distributed in the United States, Canada, Japan or Australia or in any other jurisdiction where to do so would be unlawful. Addresses and Phone numbers for each office can be found at the end of the report.

**The SEB Group: members, memberships and regulators**

SEB is a member of, inter alia, Nasdaq OMX Nordic, Oslo Stock Exchange, the London Stock Exchange, NYSE Euronext, SIX Swiss Exchange, Frankfurt Stock Exchange, Tallinn Stock Exchange as well as certain European MTF's such as BATS-Chi-X, Turquoise and Burgundy. SEB is regulated by Finansinspektionen in Sweden and, for the conduct of investment services business, in (i) Denmark by Finanstilsynet, (ii) Norway by Finanstilsynet, (iii) Finland by Finanssivalvonta, (iv) Germany by Bundesanstalt für Finanzdienstleistungsaufsicht, (v) the UK by the Financial Conduct Authority and Prudential Regulation Authority (details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request), (vi) Estonia by the Estonian Financial Supervision Authority, (vii) Lithuania by the Bank of Lithuania, (viii) Latvia by the Financial and Capital Markets Commission and Futures Commission.

SEB's research reports are prepared in accordance with the industry standards and codes of conduct applicable to financial analysts in the countries where they are based. In Denmark, Finland, Norway and Sweden, analysts act in accordance with the rules of ethics of each country's Society of Financial Analysts. Analysts comply with the recommendations and industry standards of the Danish, Norwegian and the Swedish Securities Dealers Associations and with those of the Federation of Finnish Financial Services. Analysts certified by the CFA Institute also comply with the Code of Ethics of the CFA Institute.

**Prevention and avoidance of conflicts of interest**

The remuneration of staff within the Research department is determined exclusively by research management and senior management and may include discretionary awards based on the firm's total earnings, including investment banking and markets (sales and trading businesses) income; however, no such staff receive remuneration based upon specific investment banking or markets transactions. SEB's Compliance department monitors the production of research and the observance of the group's procedures designed to prevent any potential conflicts of interest from affecting the content of research; the latter are described in greater detail in the "Statement of Policies for dealing with potential conflicts of interest surrounding our Research activities" which is available on our SEB Research website.

**Your attention is also drawn to the fact that:**

The current market price of the securities shown in this report is the price prevailing at the close of the business day preceding the date of publication, save where such price was more than 5% different from the price prevailing as at the time of publication, in which case it is the latter.

Unless explicitly stated otherwise in this report, SEB expects (but does not undertake) to issue updates to this report following the publication of new figures or forecasts by the company covered, or upon the occurrence of other events which could potentially have a material effect on it.

The securities discussed in this research report may not be eligible for sale in all countries, and such securities may not be suitable for all types of investors. Offers and sales of securities discussed in this research report, and the distribution of this report, may be made only in countries where such securities are exempt from registration or qualification or have been so registered or qualified for offer and sale, and in accordance with applicable broker-dealer and agent/salesman registration or licensing requirements. A copy of this report, not including the recommendation, has been provided to the issuer prior to its dissemination to check factual statements for accuracy; as a result, some amendments have been made.

A full list of disclosures for other companies mentioned herein (in which SEB has research coverage), can be found on our SEB Research website

**Methodology**

Final consideration as to any valuations, projections and forecasts contained in this report are based on a number of assumptions and estimates and are subject to contingencies and uncertainties, and their inclusion in this report should not be regarded as a representation or warranty by or on behalf of the Group or any person or entity within the Group that they or their underlying assumptions and estimates will be met or realized. Different assumptions could result in materially different results. Past performance is not a reliable indicator of future performance. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in this report. In addition, investors in securities, such as ADRs, whose values are influenced by the currency of the underlying security, effectively assume currency risk.

**Company specific disclosures and potential conflicts of interest**

A member of, or an entity associated with, SEB or its affiliates, officers, directors, employees or shareholders of such members (a) is not, and has never been, represented on the board of directors or similar supervisory entity of Inderes, (b) has from time to time bought or sold the securities issued by the company or options relating to the company, and (c) SEB does not hold any short / long position exceeding 0.5% of the total issued share capital of Inderes as of 30 Nov 2022.

The analyst(s) responsible for this research report (jointly with their closely related persons) hold(s) 0 shares in Inderes and do(es) not have holdings in other instruments related to the company.



Skandinaviska Enskilda Banken AB (publ). All rights reserved.

---

**Copenhagen**

Bernstorffsgade 50  
P.O. Box 100  
DK-1577 Copenhagen V

Telephone: (45) 3328 2828

**Oslo**

Filipstad Brygge 1,  
P.O. Box 1363 Vika  
NO-0113 Oslo

Telephone: (47) 2100 8500

**Frankfurt**

Stephanstrasse 14-16  
D-60313 Frankfurt am Main

Telephone: (49) 69 9727 7740

**Stockholm**

Kungsträdgårdsgatan 8  
S-106 40 Stockholm

Telephone: (46) 8 522 29500

**Helsinki**

Eteläesplanadi 18  
P.O. Box 630  
FIN-00101 Helsinki

Telephone: (358) 9 616 28700

**Tallinn**

Tornimäe 2  
EE-Tallinn 15010

Telephone: (372) 665 7762

**London**

One Carter Lane  
London, EC4V 5AN

Telephone: (44) 20 7246 4000