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Corporate Research

Inderes

The SEB logo consists of the letters 'S|E|B' in white, with vertical bars between the letters, set against a green square background.

## A clear plan for Swedish expansion

**In its CMD today Inderes provided a clear message how to transform a true Nordic player over the strategy period. To us it seems the Swedish market is the must win battle and the rest will follow. However, winning the Swedish market is not easy and the company acknowledges the challenges. Meanwhile the equity research business may require several years to break through, we believe the company may deliver growth with its other services.**

### Earning trust first, as it did in Finland

In our view, one of the key messages regarding growth in Sweden relates to the plan on gaining trust and building the community. Expansion in Sweden is essential from the investment case perspective as the market is more than four-times the size vs. the Finnish market where Inderes already holds 50-75% market penetration in its mature services. As we have previously flagged, Inderes has significant room to increase its Swedish market penetration in Equity Research, AGM and IR Software services. In IR Events, the penetration is already 25%, but also here we see ample room for higher market share. However, the key challenge in the Swedish expansion is that Inderes still lacks the general awareness and community that would enable the so-called flywheel effect. To gain visibility and earn trust the company plans to introduce freemium equity research on selected names. Also, the partnerships with distributors like Avanza and Nordnet will play a key role in welcoming traffic to Inderes' platform. Once the platform has enough traffic we find that the new sales of equity research and other services will become much easier.

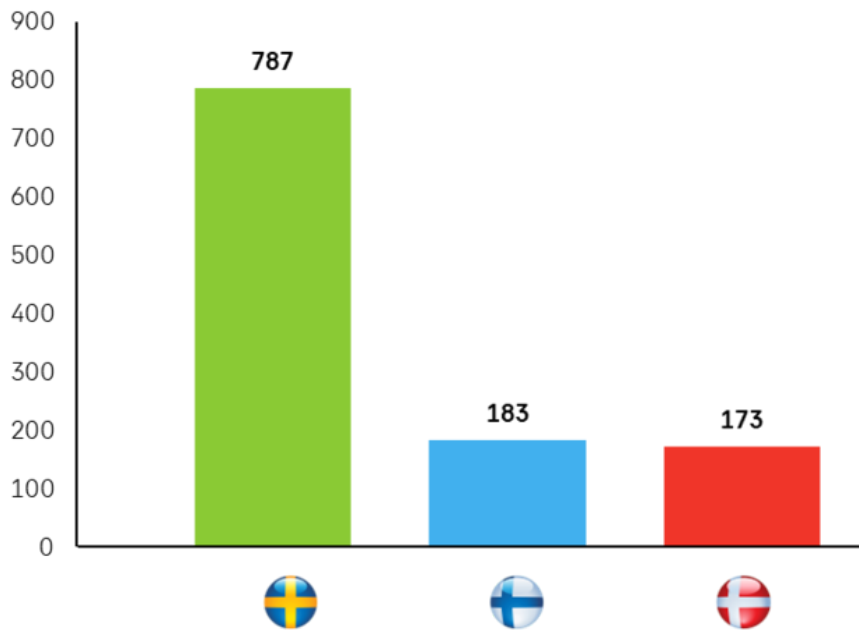
Although Inderes' approach may come with weaker profitability for some time we think the chosen model is right. The investment is not too heavy and in fact the

company can exploit its Finnish analysis resources (fixed cost) to produce the free research. While the Swedish journey has its own challenges and obstacles we note that the existing IR event business and the Finnish organisation support smooths the way. Inderes has already cash flow generating business in place to fund the early phase in new services. All in all, the Swedish expansion will take time, but from the long-term case perspective we find it irrelevant whether the start will require one or three years.

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### Number of listed companies in selected countries\*

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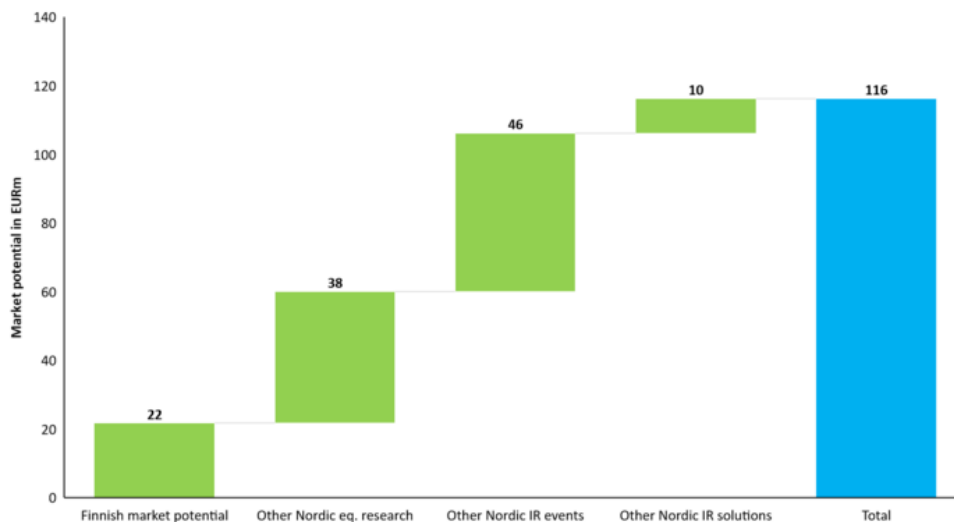


Source: SEB, Nasdaq (\*Dual listings removed between exchanges)

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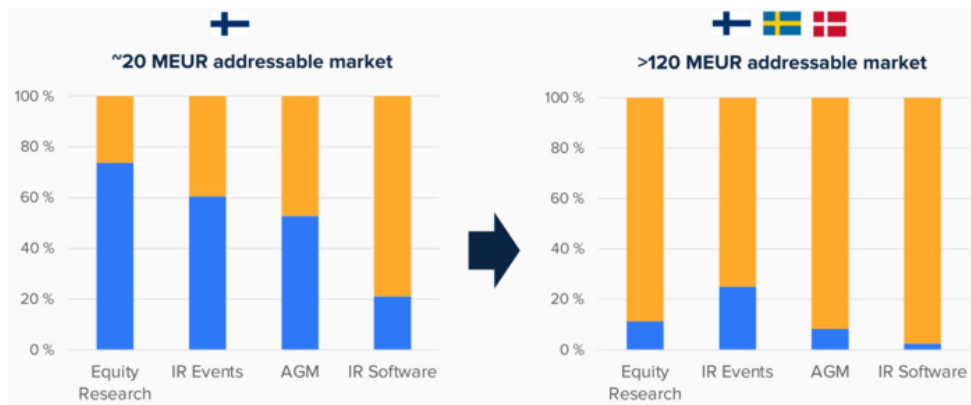
### SEB estimate of market potential in Finland, Sweden and Denmark

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Source: SEB

## Inderes market penetration in Finland vs. selected Nordic countries


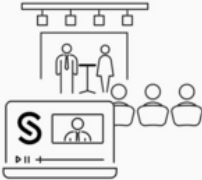
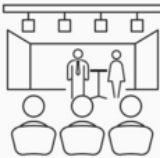


Source: SEB, Inderes

## Equity research business may take time, AGM could deliver results already in 2024

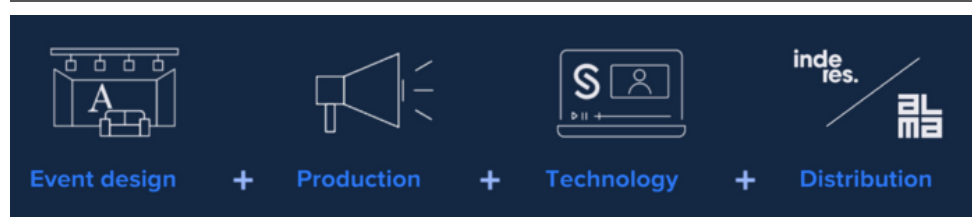
While we expect that building the equity research domain in Sweden will require years, we note that the AGM services could deliver material growth already in 2024. Inderes made a conscious decision that it will not hurry for the 2023 season with a Swedish AGM. However, for the next spring it should have ample time to build the organisation and the technological platform is already in place. We think Inderes' holistic AGM offering covering all the arrangements from event design to distribution in virtual, hybrid or classic form should form a good foundation to access the market. We also think that Inderes has room to increase AGM revenue in Finland as only some 10% of the arranged 120 AGMs in 2023 were virtual or hybrid events. Another short-term growth venue in Sweden owes to increasing ASP in IR Event services. According to Inderes, 85% of the acquired Financial Hearings customers trusted in relatively simple quarterly event solution, i.e. remotely produced video or audiocasts.

## Inderes' AGM offering goes from all-virtual to classic

		
<p><b>Fully virtual AGM</b></p> <p>All shareholders participate virtually so it is enough to take the most compact studio. This is the most straight forward way to execute an AGM.</p> <p>Pre-registration and pre-voting are included in this service. Live voting and right to speak is required.</p>	<p><b>Hybrid vAGM</b></p> <p>Hybrid model is the most comprehensive way to execute a vAGM, where users can vote and use the right to speak, either on site or over the internet.</p> <p>Pre-registration and pre-voting are included in this service.</p> <p>We are the ultimate partner for this solution because we combine event design, production and technology for a smooth experience.</p>	<p><b>Classic AGM</b></p> <p>In this solution we provide the traditional technology for an on-site AGM, but we can enhance it with event design, high quality production and streaming technology.</p> <p>Pre-registration and pre-voting are included in this service.</p>

Source: SEB, Inderes

## Capabilities to be one-stop-shop for AGM arrangements



Source: SEB, Inderes

## HC Andersen cooperation possibly resulting in merger

In its strategy release yesterday, Inderes flagged that a possible merger with HC Andersen is being evaluated, provided that certain conditions are met. These “certain conditions” were not discussed during the CMD. Given that Inderes already holds 20% of the company and sits on net cash of EUR 1.6m we do not see an acquisition of the remaining stake a problem, especially if partially funded with shares. For the time being we see the close cooperation with HCA being a good way to build awareness in the Danish market with limited risk. Hence, when the time is right for merger, the takeover of the Danish market should be an easier task than the Swedish market, we think.

Key figures				
(EURm)	2022	2023E	2024E	2025E
Revenues (m)	14	20	22	24
Adj. EBIT	1	4	5	5
PTP (m)	1	3	4	5
EPS	0.23	1.24	1.66	2.07
EPS (adjusted)	0.23	1.24	1.66	2.07
DPS	0.82	0.85	0.90	1.00
Revenue growth (%)	14.3	48.0	9.7	7.2
EPS growth (%)	(71.4)	446.0	34.0	24.8
Operating margin (%)	6.0	14.0	16.6	19.4
ROCE (%)	15.5	36.0	40.5	34.1
Net Debt/EBITDA (x)	(1.2)	(0.8)	(0.4)	(0.6)
PER (adjusted)	112.3	22.2	16.5	13.3
Dividend yield (%)	3.2	3.1	3.3	3.6
Free Cash Flow Yield (%)	2.3	6.5	0.5	5.8
P/BV (x)	5.4	5.3	4.6	3.8
EV/EBIT (x)	31.4	10.8	9.0	8.9
EV/Sales (x)	3.04	2.14	2.01	1.82

Source: SEB

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