

NIBE Industrier B

Company report

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The bottom is reached

NIBE's Q2 results came in below our expectations, leading us to revise our estimates downward. However, the company's outlook suggests that the market has bottomed out, supported by the end of destocking and anticipated declines in interest rates, which should boost consumer demand. Medium-term valuation multiples (2025: P/E: 26x and EV/EBIT: 20x) align with the company's long-term medians and appear neutral in our view. Considering this, and a combination of earnings growth and dividends, should give around 10-15% total shareholder return, exceeding our required return. Therefore, we believe the company's interesting long-term investment story can be accessed with a good risk/return ratio at the current valuation, and we are updating our recommendation to Accumulate (prev. Reduce) with a slightly lowered target price of SEK 53.0 (prev. SEK 55.0).

Q2 results below our estimates but relatively in line with market expectations

NIBE's Q2 revenue fell by 15% year-on-year (including some +6% from acquisitions) to 10.0 BNSEK, slightly below our estimates but relatively in line with the consensus forecast. The decline was heavier than expected due to the destocking situation hitting demand more than anticipated. NIBE's EBIT declined by 64% compared to very strong figures from the previous year, dropping to 0.7 BNSEK below our expectations but relatively in line with consensus. The decrease in profitability is linked to a sharp decline in sales volumes, leading to lower capacity utilization. From a cash flow perspective, the report was understandably modest due to low operating EBITDA. NIBE managed to reduce its inventory by only 5% quarter-on-quarter, as destocking is currently being handled by distributors. Thus, inventory turns have not yet returned to pre-pandemic levels. As a result, the change in inventory has the potential to support cash flow in the future.

We revised our estimates due to the weaker-than-expected Q2 report

Since we believe the market has bottomed out, we anticipate a gradual recovery becoming more evident throughout 2025, especially as destocking ends and falling interest rates are likely to boost consumer demand. Additionally, the destocking situation in Germany is expected to continue until the end of the year and subsidies for heat pumps in the market are not expected to be disbursed until Q4'24. Taking this into account, along with the weaker-than-expected quarter, we have slightly adjusted our 2024-2026 revenue estimates by approximately 5%. As a result of lower revenue estimates, which are expected to result in lower operating leverage, we have reduced our EBIT estimates. We also note that competition is intensifying, and to account for the possibility that NIBE may need to reduce prices to achieve volume growth and reduce inventory levels, we have slightly lowered our margin assumptions. However, these margins remain in line with NIBE's historical performance, around 12-15%.

Good opportunity to invest in NIBE's long-term growth as the market bottoms out and valuation moderates

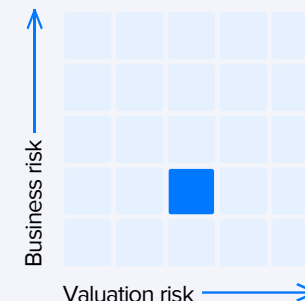
In our view, the market is looking beyond the challenging 2024 figures and valuing NIBE based on more normalized earnings. If the market situation improves and the earnings turnaround we forecast materializes, the 2025 multiples (P/E: 26x and EV/EBIT: 20x) are in line with the company's long-term medians and we consider these multiples reasonable given NIBE's growth potential and return on capital. Taking this into account, and as we expect the earnings growth to be some 10-15% (CAGR) in the coming years, the total expected return is above our required return. We, therefore, consider the risk/reward ratio quite good at the current share price level.

Recommendation

Accumulate
(prev. Reduce)

53.0 SEK
(prev. 55.0 SEK)

Share price:
47.8



Key indicators

	2023	2024e	2025e	2026e
Revenue	46,649	41,415	44,826	49,367
growth-%	16%	-11%	8%	10%
EBIT adj.	7,069	3,248	5,395	6,070
EBIT-% adj.	15.2 %	7.8 %	12.0 %	12.3 %
Net Income	4,785	729	3,750	4,272
EPS (adj.)	2.42	0.81	1.86	2.12

P/E (adj.)	29.2	59.4	25.7	22.6
P/B	5.2	3.6	3.2	2.9
Dividend yield-%	0.9 %	0.7 %	1.2 %	1.7 %
EV/EBIT (adj.)	22.7	34.6	20.3	17.6
EV/EBITDA	18.2	26.7	14.7	13.0
EV/S	3.4	2.7	2.4	2.2

Source: Inderes

Guidance

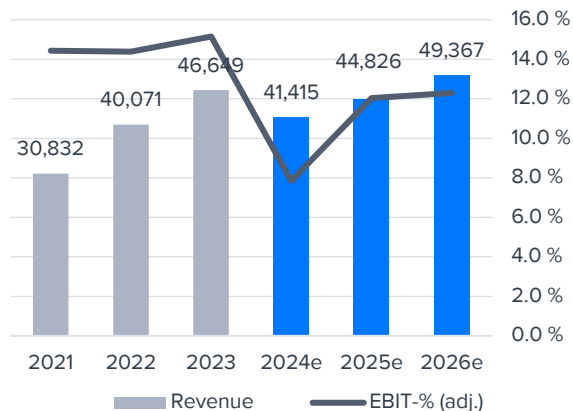
(NIBE does not provide guidance)

Share price



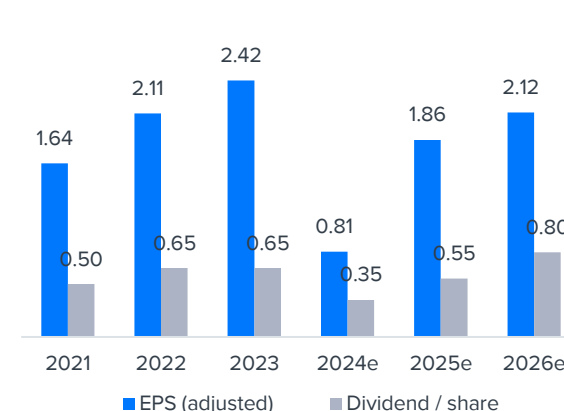
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

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



Risk factors

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

Valuation	2024e	2025e	2026e
Share price	47.8	47.8	47.8
Number of shares, millions	2,016	2,016	2,016
Market cap	96,368	96,368	96,368
EV	112,461	109,608	106,940
P/E (adj.)	59.4	25.7	22.6
P/E	>100	25.7	22.6
P/B	3.6	3.2	2.9
P/S	2.3	2.1	2.0
EV/Sales	2.7	2.4	2.2
EV/EBITDA	26.7	14.7	13.0
EV/EBIT (adj.)	34.6	20.3	17.6
Payout ratio (%)	96.8 %	29.6 %	37.8 %
Dividend yield-%	0.7 %	1.2 %	1.7 %

Source: Inderes

Another challenging quarter completed

Revenue continued to fall sharply

NIBE's Q2 revenue fell by 15% year-on-year to 10.0 BNSEK, below our estimates but relatively in line with the consensus forecast. Adjusted for acquisitions (some 6% of total growth) revenue declined by 21%. Revenue from Climate Solutions, the largest business area and where most expectations lie, fell by 27% y-o-y to 6.5 BNSEK. The decline was heavier than our expectations due to the destocking situation hitting demand more than anticipated. The same trend was observed in Stoves (Q2'24: 0.8 BNSEK), while Element (Q2'24: 2.8 BNSEK) performed in line with our estimates.

Similar to the first quarter, the second quarter was marked by the distribution chain's efforts to reduce inventory levels, particularly for heat pumps (Climate Solutions) and Stoves. This, combined with unfavorable gas/electricity price ratios and uncertainty regarding subsidies, negatively impacted

both business areas during the quarter. The Element business area also suffered from continued weak demand from heat pump manufacturers, and the semiconductor and consumer goods sectors.

Declining revenue pressures profitability

NIBE's EBIT declined by 64% compared to very strong figures from the previous year, dropping to 0.7 BNSEK and below our expectations but relatively in line with consensus. All business areas experienced a downturn in operating profit, with Climate Solutions being most significantly impacted due to its size. The decrease in profitability is linked to a sharp decline in sales volumes, leading to lower capacity utilization. Adjusted EPS fell to SEK 0.11, below both our and consensus forecasts.

Still high inventory levels

In terms of cash flow, the report was understandably modest, with operating cash flow at 606 MSEK due

to low operating EBITDA. NIBE managed to reduce its inventory by only 5% quarter-on-quarter, as destocking is currently being handled by distributors. Once this process is complete, we expect NIBE's inventory levels to decrease further. Currently, NIBE holds around 12 BNSEK in inventory, equivalent to approximately 30% of this year's revenue. This is significantly higher than the pre-pandemic levels of 17-18% of revenue. Without a production ramp-up, this is likely to continue to cause headwind for margins.

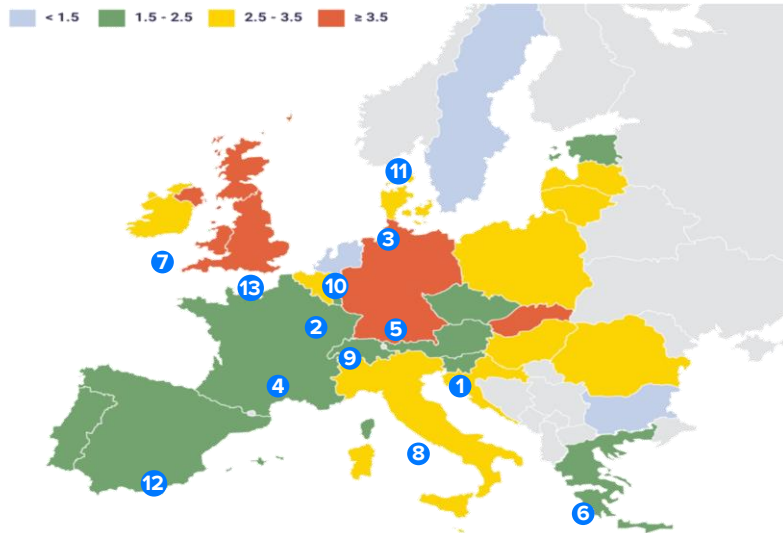
The equity ratio was 43% at the end of Q2, well above the target of at least 30%. Due to the decline in rolling profit, the net debt/EBITDA ratio continued to increase and stood at 3.1 (excluding one-offs) at the end of the period. Despite this, we still consider the balance sheet to be relatively strong, though the likelihood of a major acquisition in the near future appears low.

Estimates	Q2'23	Q2'24	Q2'24e	Q2'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	11,833	10,035	10,707	9,990	9,533	- 10,707	-6%	41,415
EBIT (adj.)	1,827	669	799	679	501	- 813	-16%	3,248
EBIT	1,847	669	799	679	501	- 813	-16%	2,153
PTP	1,701	396	609	404	175	- 609	-35%	1,229
EPS (adj.)	0.64	0.11	0.16	0.17	0.12	- 0.24	-33%	0.81
Revenue growth-%	22.5 %	-15.2 %	-9.5 %	-15.6 %	-19.4 %	- -9.5 %	-5.7 pp	-11.2 %
EBIT-%	15.4 %	6.7 %	7.5 %	6.8 %	5.3 %	- 7.6 %	-0.8 pp	7.8 %

Source: Inderes & Bloomberg (consensus 09.08.24, 13 analysts) (consensus)

European heat pump market figures

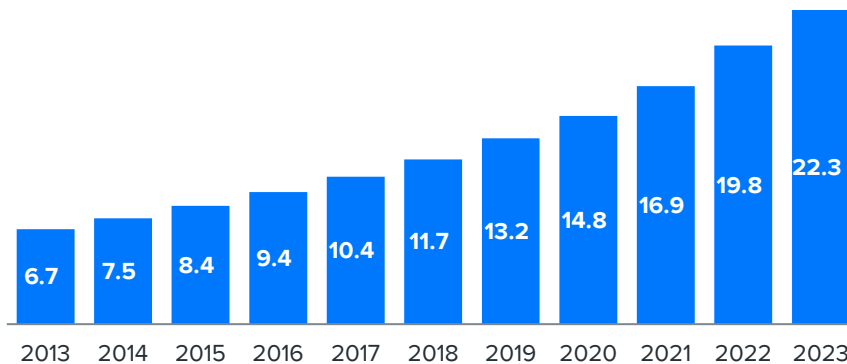
Electricity to gas price ratio¹



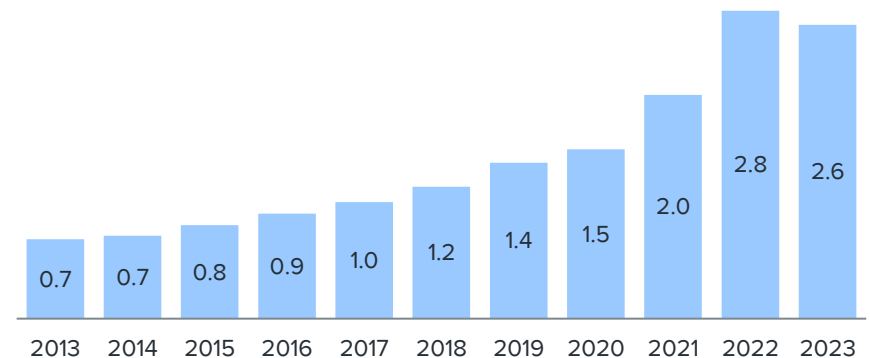
Current or announced bans on fossil fuel heating²

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

Heat pump stock in EU-21 (millions)²



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



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

2 Source: EHPA, Inderes

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

We believe the market has bottomed out

NIBE reiterates its short-term outlook

While NIBE does not provide specific numerical guidance, this quarter being no exception, the company reaffirmed its near-term market outlook from Q1. NIBE's assessment is that inventory adjustments within the distribution chain are now largely completed in most markets. However, German distribution channels remain an exception, with NIBE expecting another quarter or two before inventory levels return to acceptable levels. Given that NIBE is maintaining the outlook provided in its Q1 report, this stance was largely anticipated. Although the comments regarding the German market's destocking situation were somewhat surprising, they align with recent market data, such as German subsidy application data for heat pumps.

In our view, the primary risks for NIBE continue to be related to demand, particularly in the context of global economic conditions. We acknowledge these

risks, but recent global macroeconomic data suggests they have not significantly worsened. Therefore, we believe there is a good chance the market has reached its bottom, with gradual improvement likely in the coming quarters.

Revenue estimates were adjusted slightly

As we believe the market has bottomed out, we anticipate a gradual recovery becoming more evident throughout 2025, especially as destocking ends and falling interest rates are likely to boost consumer demand. Additionally, subsidies for heat pumps in the key German market are not expected to be disbursed until Q4'24. Taking this into account, along with the weaker-than-expected quarter, we have slightly adjusted our 2024-2026 revenue estimates by approximately 5% but have left our long-term projections relatively unchanged. We remain optimistic about long-term growth prospects, driven by increasing awareness of energy efficiency,

government incentives for renewable energy, and the growing adoption of sustainable heating solutions.

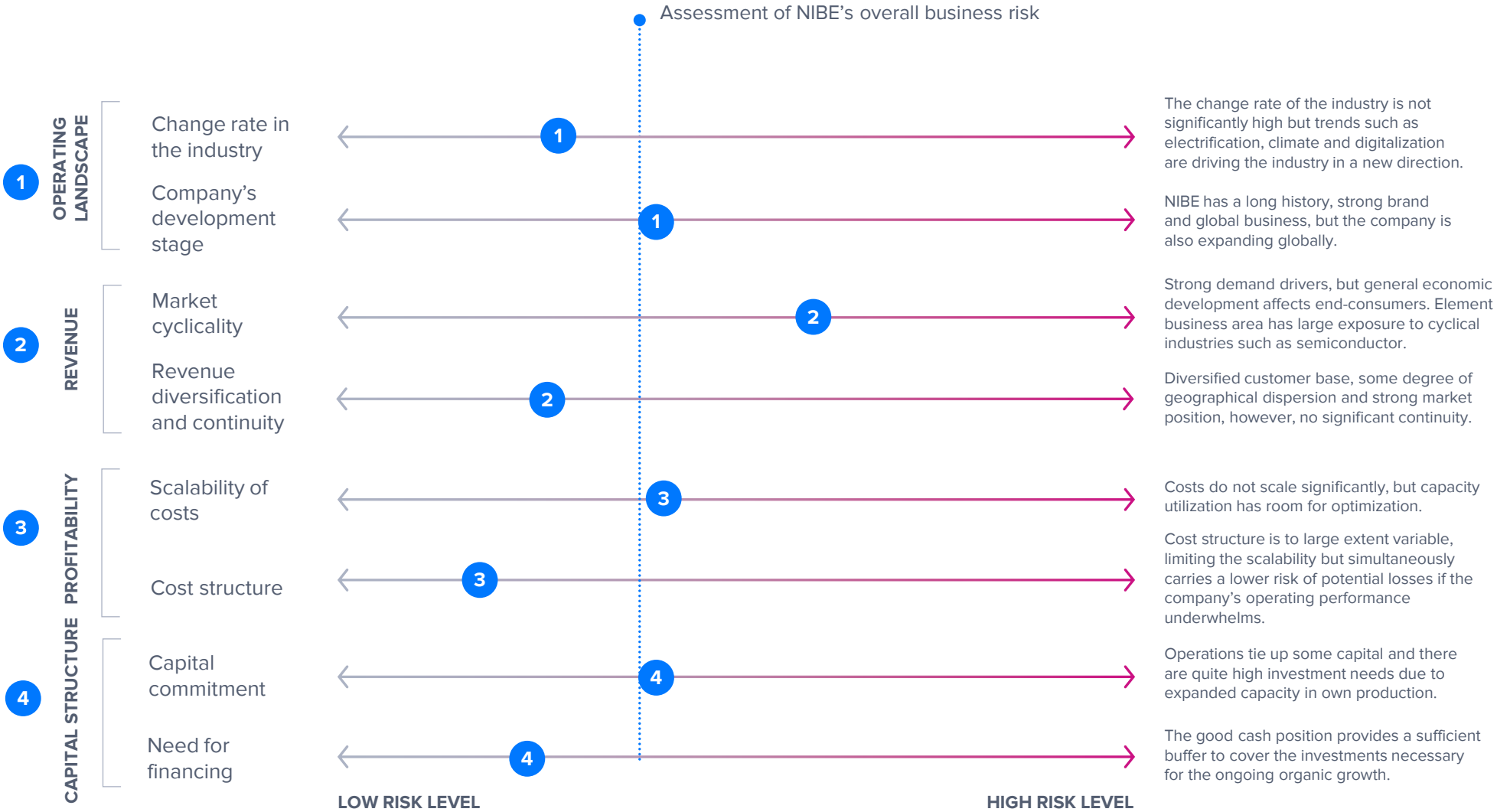
We adjust our profitability estimates

In light of the weaker-than-expected report, we have revised our profitability estimates. The adjustments to EBIT are primarily due to lower sales, which are expected to result in underutilized capacity, although this will be partially offset by cost-saving initiatives. We also note that competition is intensifying, with more players (offering lower prices) likely to seek market share as demand increases. To account for this increased competition and the possibility that NIBE may need to reduce prices (likely on older models in that case) to achieve volume growth and reduce inventory levels, we have slightly lowered our margin assumptions. However, these margins remain in line with NIBE's historical performance, at around 12-15%.

Estimate revisions	2024e		Change	2025e		Change	2026e		Change
	Old	New		Old	New		Old	New	
MSEK / SEK			%			%			%
Revenue	43,412	41,415	-5%	46,708	44,826	-4%	52,068	49,367	-5%
EBITDA	4,670	4,212	-10%	8,023	7,465	-7%	9,629	8,254	-14%
EBIT (exc. NRIs)	3,757	3,248	-14%	5,953	5,395	-9%	7,441	6,070	-18%
EBIT	2,662	2,153	-19%	5,953	5,395	-9%	7,441	6,070	-18%
PTP	1,750	1,229	-30%	5,334	4,776	-10%	7,038	5,491	-22%
EPS (excl. NRIs)	0.85	0.81	-6%	2.05	1.86	-9%	2.72	2.12	-22%
DPS	0.40	0.35	-13%	0.60	0.55	-8%	0.85	0.80	-6%

Source: Inderes

Risk profile of the business model



Source: Inderes

We revise our recommendation to Accumulate

Multiples look neutral in the medium term

Considering the associated costs of the action program (some 1.1 BNSEK), affecting earnings in 2024, we believe it is more meaningful to look at adjusted earnings multiples. However, we believe that NIBE's adjusted earnings multiples for 2024 are very high, while the P/E (adjusted) is 59x and the EV/EBIT (adjusted) is 25x. It should be noted, however, that NIBE's earnings for 2024 are well below their potential due to the challenging market. In our view, the market is looking beyond the challenging 2024 figures and valuing NIBE based on more normalized earnings, likely influenced by the management team's expectation that margins will normalize by 2025. If the market situation improves and the earnings turnaround we forecast materializes, the 2025 multiples (P/E: 26x and EV/EBIT: 20x) are in line with the company's long-term medians. We consider these valuations reasonable given NIBE's growth potential, return on capital, and associated risk level.

Premium compared to peers seems justified

On a relative basis, NIBE is trading at a premium compared to peers at around 15% based on earnings multiples for 2025. We believe that this premium is justified given the company's good track record of profitable growth and high returns on capital. However, compared to its international heat pump peers (such as Carrier, Trane, Lennox, and Beijer Ref), NIBE is trading in line with its peers based on 2025 earnings multiples. We believe this valuation is justified given the similar growth expectations and margin potential

DCF valuation in the green

Our DCF model for NIBE is above the share price at SEK 53 per share. Thus, in light of DCF, the share's

valuation looks attractive in our view. We also believe that the model parameters are quite conservative, as the growth rate we forecast is slower than the company's performance over the past decade, and the average profitability is relatively in line with its historical margin level. Considering these factors and NIBE's reasonable long-term predictability, we give reasonable weight to the DCF signals in NIBE's valuation.

Expected return is sufficient in the medium term

We expect investors to receive an annual dividend of about 1-2% over the next few years for the current share price. However, we do not deem dividends very significant for NIBE's expected returns, as its profile is one of a growth company. Furthermore, earnings multiples are within our acceptable valuation range (P/E: 24-30x and EV/EBIT 18-22x) in the medium term, and thus we view them as quite neutral. Taking this into account, and that we expect the earnings growth to be some 10-15% (CAGR) in the coming years, the total expected return is above our required return. We, therefore, consider the risk/reward ratio quite good and update our recommendation to Accumulate (prev. Reduce) with a slightly lowered target price of SEK 53.0 SEK (prev. SEK 55.0).

Based on acceptable valuation multiples and the cash flow model, we believe that the fair value of the stock is SEK 44-56 per share. If the company surpasses our estimates and the general economic situation as well as consumer purchasing power improves faster than expected, an upside in the valuation within our defined valuation range could materialize. Conversely, if profitability or performance disappoints (e.g., prolonged destocking situation, which puts pressure on margins), a dip in valuation is possible.

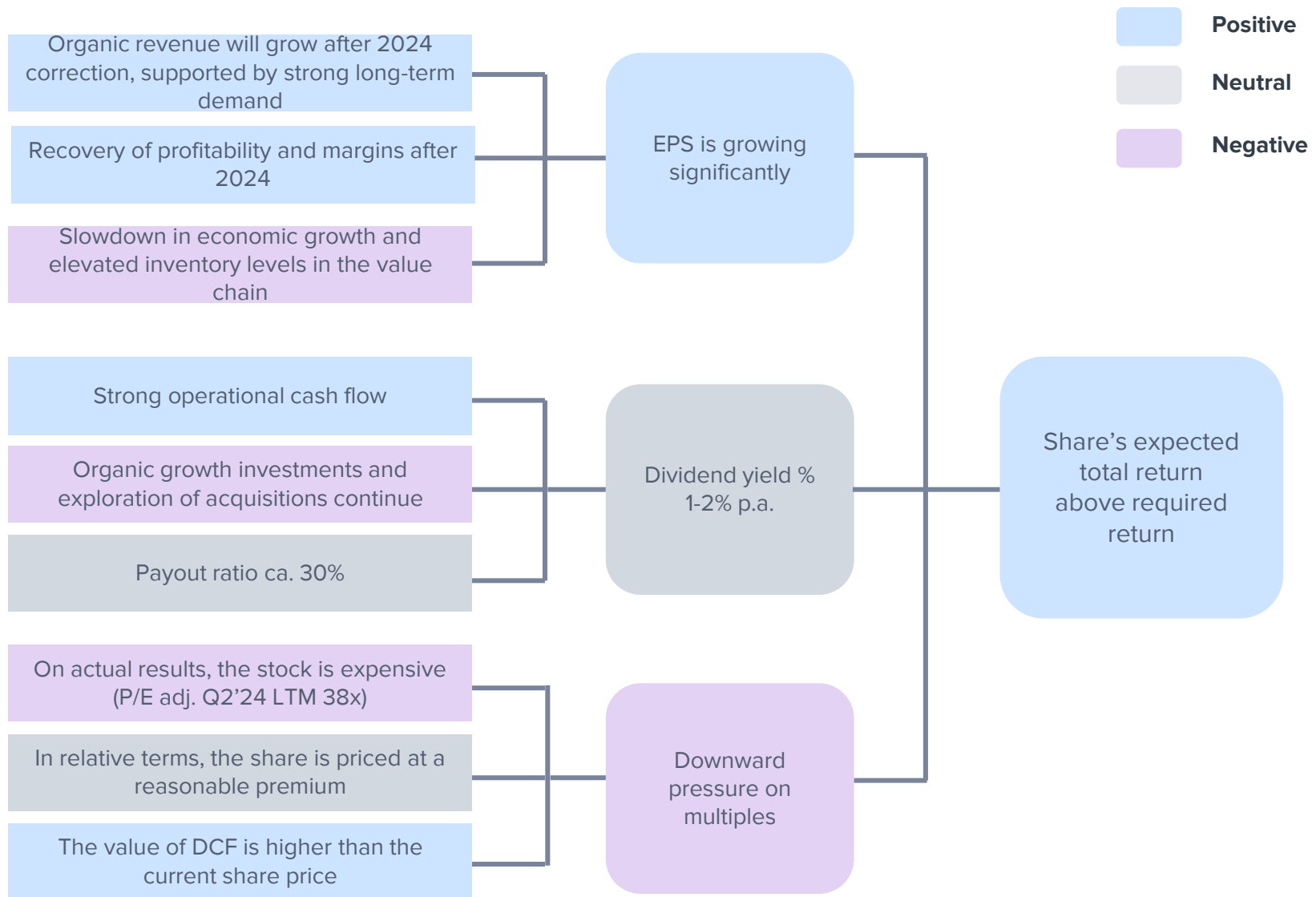
Valuation	2024e	2025e	2026e
Share price	47.8	47.8	47.8
Number of shares, millions	2,016	2,016	2,016
Market cap	96,368	96,368	96,368
EV	112,461	109,608	106,940
P/E (adj.)	59.4	25.7	22.6
P/E	>100	25.7	22.6
P/B	3.6	3.2	2.9
P/S	2.3	2.1	2.0
EV/Sales	2.7	2.4	2.2
EV/EBITDA	26.7	14.7	13.0
EV/EBIT (adj.)	34.6	20.3	17.6
Payout ratio (%)	96.8 %	29.6 %	37.8 %
Dividend yield-%	0.7 %	1.2 %	1.7 %

Source: Inderes

Historical trading multiples, P/E (NTM)



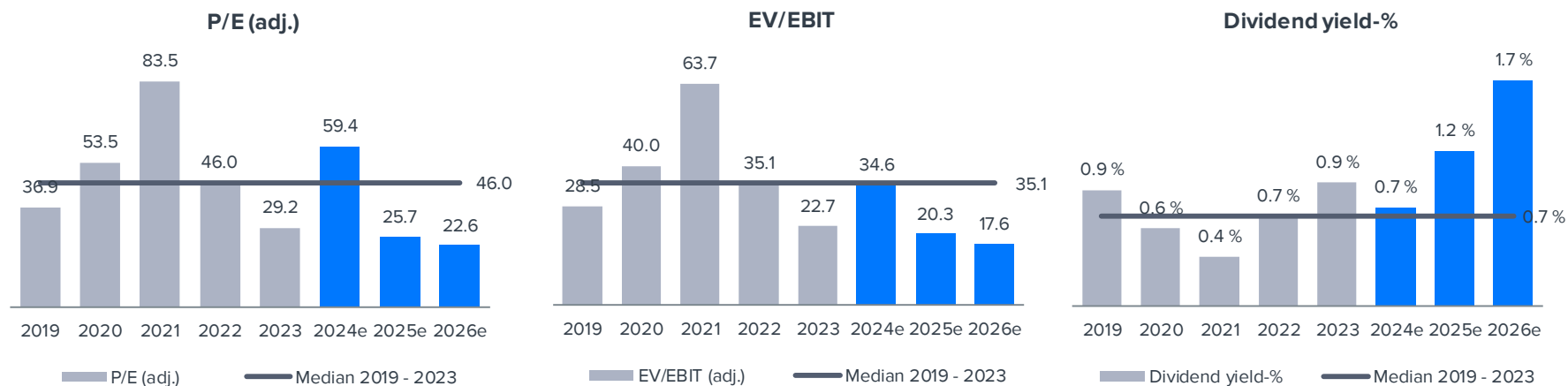
TSR drivers Q2'24-2026e



Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	40.6	67.4	136.8	97.1	70.8	47.8	47.8	47.8	47.8
Number of shares, millions	2,016	2,016	2,016	2,016	2,016	2,016	2,016	2,016	2,016
Market cap	81,852	135,933	275,697	195,760	142,738	96,368	96,368	96,368	96,368
EV	88,114	142,293	283,549	202,352	160,174	112,461	109,608	106,940	104,170
P/E (adj.)	36.9	53.5	83.5	46.0	29.2	59.4	25.7	22.6	19.7
P/E	37.7	47.4	83.0	45.0	29.8	>100	25.7	22.6	19.7
P/B	4.7	7.7	12.9	7.0	5.2	3.6	3.2	2.9	2.7
P/S	3.2	5.0	8.9	4.9	3.1	2.3	2.1	2.0	1.8
EV/Sales	3.5	5.2	9.2	5.0	3.4	2.7	2.4	2.2	1.9
EV/EBITDA	21.6	27.8	49.2	27.1	18.2	26.7	14.7	13.0	11.6
EV/EBIT (adj.)	28.5	40.0	63.7	35.1	22.7	34.6	20.3	17.6	15.3
Payout ratio (%)	32.5 %	27.3 %	30.4 %	30.1 %	27.4 %	96.8 %	29.6 %	37.8 %	30.0 %
Dividend yield-%	0.9 %	0.6 %	0.4 %	0.7 %	0.9 %	0.7 %	1.2 %	1.7 %	1.5 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Kone	24,543	24,048	17.9	16.6	14.8	13.9	2.2	2.1	23.2	21.4	4.0	4.1	8.3
Assa Abloy	30,018	35,837	17.1	15.8	14.2	13.3	2.8	2.6	22.2	20.0	1.9	2.0	3.4
Hexagon	24,156	27,768	17.8	16.2	13.4	12.4	5.0	4.7	20.3	18.1	1.6	1.7	2.2
Beijer Ref	7,505	8,385	26.5	23.6	21.0	18.8	2.7	2.4	36.9	30.8	0.9	1.0	3.7
Tomra Systems	3,877	3,936	27.1	19.3	17.1	13.3	3.0	2.6	44.0	28.0	1.3	1.8	6.2
Thule Group	2,657	2,810	19.6	16.8	16.7	14.6	3.4	3.2	25.1	21.2	3.3	3.6	4.2
Munters Group	3,327	3,687	19.0	17.0	15.5	13.7	2.8	2.4	27.9	22.8	1.0	1.2	5.9
Trane Technologies	70,079	73,777	23.9	21.6	21.7	19.7	4.2	3.9	31.5	27.7	0.9	1.0	10.5
Carrier	55,345	65,104	17.7	17.9	14.9	15.0	2.8	2.9	23.7	21.9	1.2	1.2	4.4
Lennox International Inc	18,458	19,577	22.4	20.0	20.4	18.4	4.2	3.9	28.0	24.8	0.8	0.8	25.0
NIBE Industrier B (Inderes)	8,293	9,678	34.6	20.3	26.7	14.7	2.7	2.4	59.4	25.7	0.7	1.2	3.6
Average			20.9	18.5	17.0	15.3	3.3	3.1	28.3	23.7	1.7	1.8	7.4
Median			19.3	17.4	16.1	14.2	2.9	2.8	26.5	22.3	1.2	1.4	5.1
Diff-% to median			79%	17%	66%	3%	-7%	-12%	124%	15%	-39%	-20%	-30%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	40,071	11,646	11,833	11,514	11,656	46,649	9,494	10,035	10,660	11,226	41,415	44,826	49,367	53,952
Climate Solutions	26,076	7,736	8,122	7,839	7,676	31,373	5,834	6,516	6,916	7,177	26,443	29,304	32,381	35,619
Element	10,925	3,013	2,957	2,945	2,983	11,898	2,711	2,819	2,864	2,968	11,362	12,259	13,240	14,299
Stoves	4,011	1,250	1,086	1,096	1,326	4,758	1,052	802	986	1,193	4,033	4,383	4,734	5,112
Eliminations	-941	-353	-332	-366	-329	-1,380	-103	-102	-107	-112	-424	-1,121	-987	-1,079
EBITDA	7,460	2,153	2,243	2,309	2,092	8,797	-76	1,210	1,404	1,675	4,212	7,465	8,254	8,971
Depreciation	-1,597	-398	-396	-530	-500	-1,824	-503	-541	-500	-515	-2,059	-2,070	-2,184	-2,171
EBIT (excl. NRI)	5,764	1,785	1,827	1,861	1,596	7,069	516	669	904	1,160	3,248	5,395	6,070	6,800
EBIT	5,863	1,755	1,847	1,779	1,592	6,973	-579	669	904	1,160	2,153	5,395	6,070	6,800
Climate Solutions	4,338	1,353	1,538	1,484	1,221	5,596	-462	506	657	861	1,562	3,904	4,371	4,915
Element	1,123	280	243	235	184	942	-126	142	223	237	477	1,167	1,324	1,430
Stoves	551	165	101	99	168	533	27	-3	44	84	152	413	473	562
Eliminations	-149	-43	-35	-39	19	-98	-18	24	-21	-22	-38	-90	-99	-108
Share of profits in assoc. compan.	21	0	0	0	0	0	0	0	0	20	20	21	21	22
Net financial items	-209	-101	-146	-181	-214	-642	-332	-273	-180	-160	-945	-640	-600	-550
PTP	5,675	1,654	1,701	1,598	1,378	6,331	-911	396	724	1,020	1,229	4,776	5,491	6,271
Taxes	-1,280	-380	-378	-378	-399	-1,535	50	-180	-154	-213	-497	-988	-1,182	-1,350
Minority interest	-44	-4	-4	-4	1	-11	4	3	-5	-5	-3	-38	-38	-38
Net earnings	4,351	1,270	1,319	1,216	980	4,785	-857	219	565	802	729	3,750	4,272	4,884
EPS (adj.)	2.11	0.64	0.64	0.64	0.49	2.42	0.02	0.11	0.28	0.40	0.81	1.86	2.12	2.42
EPS (rep.)	2.16	0.63	0.65	0.60	0.49	2.37	-0.43	0.11	0.28	0.40	0.36	1.86	2.12	2.42

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	30.0 %	33.1 %	22.5 %	15.2 %	-0.1 %	16.4 %	-18.5 %	-15.2 %	-7.4 %	-3.7 %	-11.2 %	8.2 %	10.1 %	9.3 %
Adjusted EBIT growth-%	29.5 %	68.7 %	36.2 %	26.7 %	-15.8 %	22.6 %	-71.1 %	-63.4 %	-51.5 %	-27.3 %	-54.0 %	66.1 %	12.5 %	12.0 %
EBITDA-%	18.6 %	18.5 %	19.0 %	20.1 %	17.9 %	18.9 %	-0.8 %	12.1 %	13.2 %	14.9 %	10.2 %	16.7 %	16.7 %	16.6 %
Adjusted EBIT-%	14.4 %	15.3 %	15.4 %	16.2 %	13.7 %	15.2 %	5.4 %	6.7 %	8.5 %	10.3 %	7.8 %	12.0 %	12.3 %	12.6 %
Net earnings-%	10.9 %	10.9 %	11.1 %	10.6 %	8.4 %	10.3 %	-9.0 %	2.2 %	5.3 %	7.1 %	1.8 %	8.4 %	8.7 %	9.1 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	31,842	43,906	43,902	43,942	43,923
Goodwill	17,630	26,076	26,076	26,076	26,076
Intangible assets	4,938	4,938	4,744	4,604	4,724
Tangible assets	8,273	11,568	11,758	11,938	11,800
Associated companies	430	753	753	753	753
Other investments	31	31	31	31	31
Other non-current assets	192	192	192	192	192
Deferred tax assets	348	348	348	348	348
Current assets	22,152	24,198	19,051	22,861	24,931
Inventories	10,191	13,227	8,283	8,517	9,133
Other current assets	0	0	0	0	0
Receivables	7,144	6,688	7,041	7,620	8,392
Cash and equivalents	4,817	4,283	3,727	6,724	7,405
Balance sheet total	53,994	68,104	62,953	66,803	68,854

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	27,973	27,420	26,838	29,883	33,046
Share capital	79	79	79	79	79
Retained earnings	19,286	22,760	22,178	25,223	28,386
Hybrid bonds	0	0	0	0	0
Revaluation reserve	0	0	0	0	0
Other equity	8,570	4,543	4,543	4,543	4,543
Minorities	38	38	38	38	38
Non-current liabilities	12,268	25,119	23,487	21,763	20,577
Deferred tax liabilities	0	0	0	0	0
Provisions	2,787	2,787	2,787	2,787	2,787
Interest bearing debt	6,185	16,922	15,290	13,566	12,380
Convertibles	0	0	0	0	0
Other long term liabilities	3,296	5,410	5,410	5,410	5,410
Current liabilities	13,753	15,565	12,628	15,158	15,231
Interest bearing debt	4,958	4,599	4,759	6,641	5,851
Payables	8,795	10,966	7,869	8,517	9,380
Other current liabilities	0	0	0	0	0
Balance sheet total	53,994	68,104	62,953	66,803	68,854

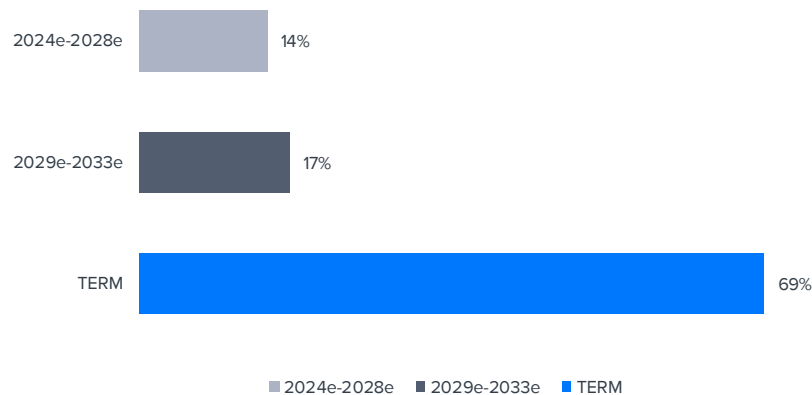
DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	16.4 %	-11.2 %	8.2 %	10.1 %	9.3 %	8.0 %	7.5 %	7.0 %	6.0 %	4.5 %	2.5 %	2.5 %
EBIT-%	14.9 %	5.2 %	12.0 %	12.3 %	12.6 %	13.0 %	13.5 %	14.0 %	14.5 %	14.5 %	14.5 %	14.5 %
EBIT (operating profit)	6,973	2,153	5,395	6,070	6,800	7,575	8,456	9,383	10,330	10,795	11,069	
+ Depreciation	1,824	2,059	2,070	2,184	2,171	2,162	2,154	2,173	2,165	2,163	2,042	
- Paid taxes	-1,535	-497	-988	-1,182	-1,350	-1,550	-1,773	-1,984	-2,188	-2,288	-2,378	
- Tax, financial expenses	-156	-208	-133	-130	-119	-86	-54	-43	-43	-43	-13	
+ Tax, financial income	0	0	0	0	0	0	0	0	0	0	0	
- Change in working capital	-409	1,494	-166	-525	-487	-691	-699	-702	-643	-512	-302	
Operating cash flow	6,697	5,002	6,179	6,417	7,016	7,410	8,084	8,828	9,620	10,114	10,418	
+ Change in other long-term liabilities	2,114	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-13,565	-2,055	-2,110	-2,165	-2,195	-2,215	-2,240	-2,260	-2,280	-2,280	-2,045	
Free operating cash flow	-4,754	2,947	4,069	4,252	4,821	5,195	5,844	6,568	7,340	7,834	8,373	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	-4,754	2,947	4,069	4,252	4,821	5,195	5,844	6,568	7,340	7,834	8,373	171,203
Discounted FCFF		2,868	3,682	3,579	3,772	3,779	3,953	4,130	4,292	4,259	4,232	86,528
Sum of FCFF present value		125,074	122,205	118,523	114,944	111,172	107,393	103,440	99,311	95,019	90,760	86,528
Enterprise value DCF		125,074										
- Interest bearing debt		-21,521										
+ Cash and cash equivalents		4,283										
-Minorities		-137										
-Dividend/capital return		-1,310										
Equity value DCF		106,754										
Equity value DCF per share		53.0										

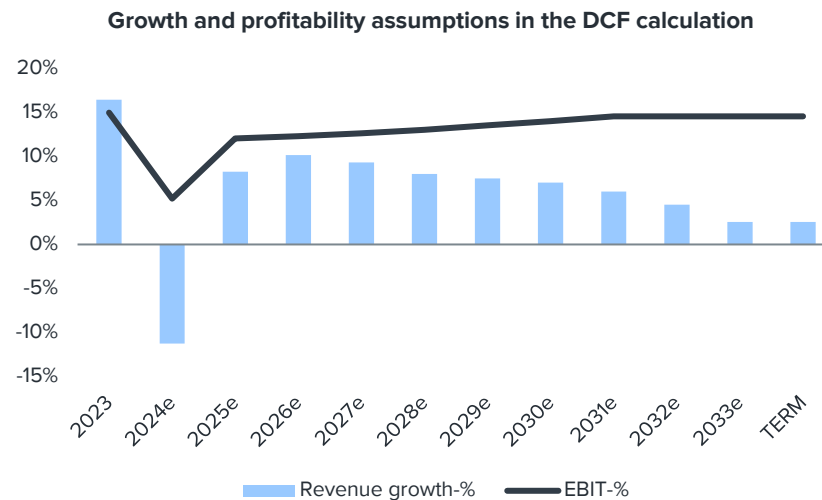
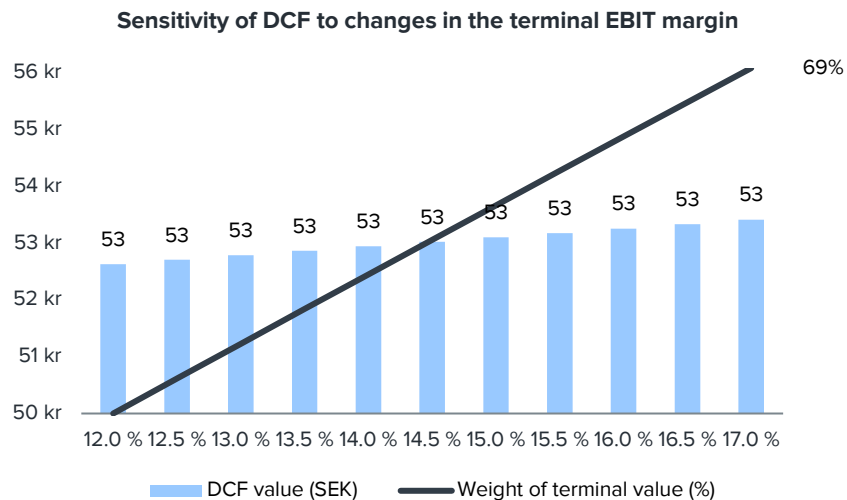
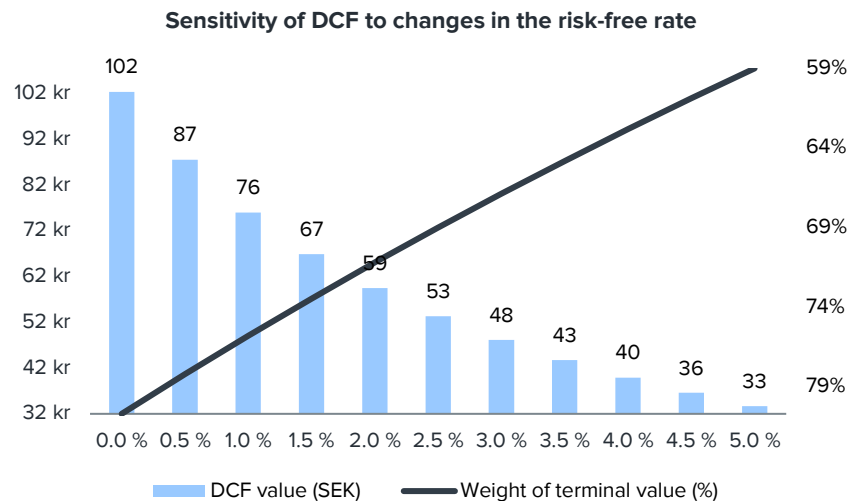
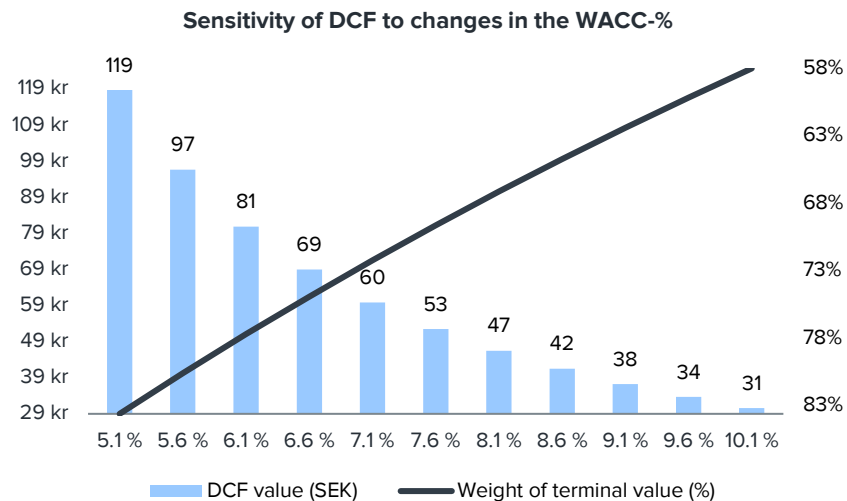
WACC	
Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E))	15.0 %
Cost of debt	5.0 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.2 %
Weighted average cost of capital (WACC)	7.6 %

Source: Inderes

Cash flow distribution



DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	30,832	40,071	46,649	41,415	44,826	EPS (reported)	1.65	2.16	2.37	0.36	1.86
EBITDA	5,765	7,460	8,797	4,212	7,465	EPS (adj.)	1.64	2.11	2.42	0.81	1.86
EBIT	4,468	5,863	6,973	2,153	5,395	OCF / share	1.48	1.48	3.32	2.48	3.06
PTP	4,318	5,675	6,331	1,229	4,776	FCF / share	-0.13	-1.34	-2.36	1.46	2.02
Net Income	3,320	4,351	4,785	729	3,750	Book value / share	10.63	13.86	13.58	13.29	14.80
Extraordinary items	17	99	-96	-1,095	0	Dividend / share	0.50	0.65	0.65	0.35	0.55
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	43,394	53,994	68,104	62,953	66,803	Revenue growth-%	14%	30%	16%	-11%	8%
Equity capital	21,657	27,973	27,420	26,838	29,883	EBITDA growth-%	13%	29%	18%	-52%	77%
Goodwill	15,453	17,630	26,076	26,076	26,076	EBIT (adj.) growth-%	25%	29%	23%	-54%	66%
Net debt	5,036	6,326	17,238	16,321	13,483	EPS (adj.) growth-%	30%	29%	15%	-67%	131%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	18.7 %	18.6 %	18.9 %	10.2 %	16.7 %
EBITDA	5,765	7,460	8,797	4,212	7,465	EBIT (adj.)-%	14.4 %	14.4 %	15.2 %	7.8 %	12.0 %
Change in working capital	-1,862	-3,180	-409	1,494	-166	EBIT-%	14.5 %	14.6 %	14.9 %	5.2 %	12.0 %
Operating cash flow	2,984	2,994	6,697	5,002	6,179	ROE-%	17.0 %	17.6 %	17.3 %	2.7 %	13.2 %
CAPEX	-3,515	-5,983	-13,565	-2,055	-2,110	ROI-%	15.1 %	16.7 %	15.8 %	4.5 %	11.2 %
Free cash flow	-257	-2,696	-4,754	2,947	4,069	Equity ratio	49.9 %	51.8 %	40.3 %	42.6 %	44.7 %
						Gearing	23.3 %	22.6 %	62.9 %	60.8 %	45.1 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	9.2	5.0	3.4	2.7	2.4						
EV/EBITDA	49.2	27.1	18.2	26.7	14.7						
EV/EBIT (adj.)	63.7	35.1	22.7	34.6	20.3						
P/E (adj.)	83.5	46.0	29.2	59.4	25.7						
P/B	12.9	7.0	5.2	3.6	3.2						
Dividend-%	0.4 %	0.7 %	0.9 %	0.7 %	1.2 %						

Source: Inderes

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Buy The 12-month risk-adjusted expected shareholder

return of the share is very attractive

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

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

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2023-09-20	Reduce	74.1 kr	70.5 kr
2023-11-16	Reduce	62.0 kr	67.5 kr
2023-02-13	Reduce	59.0 kr	66.5 kr
2023-02-19	Reduce	56.0 kr	59.0 kr
2024-05-17	Reduce	55.0 kr	61.3 kr
2024-08-19	Accumulate	53.0 kr	47.8 kr



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