

# Raisio

## Company report

11/1/2023



Pauli Lohi  
+35845 134 7790  
pauli.lohi@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report “KV-kasvun tavoittelusta lisämuuttuja lähivuosille” published on 11/1/2023 at 7:45 pm EET.

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# Overseas growth ambitions add a variable for the coming years

Raisio's Q3 report was largely in line with expectations. Net sales were flat as expected, whereas profitability was slightly better than anticipated. Raisio has started to pave the way for the commercialization of oat-based value-added products outside Finland. On one hand, expansion into new consumer markets could support value creation in the long term but on the other one, the initial impact on profits would be negative. We reiterate our Accumulate recommendation and EUR 2.3 target price.

## Q3 largely in line with expectations, profitability improved to a good level

Raisio's Q3 net sales were flat year-on-year and roughly in line with expectations. The price component no longer had a major impact on growth, as most of last year's price hikes were already implemented in Q2. Net sales in both segments, Healthy Food and Healthy Ingredients, decreased by 1% year-on-year in Q3. The demand situation in the Finnish consumer market has improved slightly over the summer and early fall, but the UK market has remained very difficult. Sales volumes of Healthy Ingredients fell significantly. By product group, sales of oat products and ingredients were up 15% in January-September, sales of Benecol and plant stanol ester solutions were down 6% and plant proteins down 17%. Comparable EBIT for Q3 was EUR 7.4 million (Q3'22: 6.5 MEUR), which exceeded our forecast by 10%. The better-than-expected profitability was driven in particular by good profitability in consumer sales. Cash flow from operating activities was at a strong level of EUR 15 million (Q3'22: 1.8 MEUR), which was positively affected by the decrease in working capital.

## International growth ambitions could support long-term value creation

Raisio maintained its guidance of comparable net sales being at or slightly below the previous year's level (220 MEUR) and a comparable EBIT of EUR 21-23 million. We think that the company will likely meet the guidance. In addition, Raisio commented that it has been preparing for international growth and mentioned its aim to create a permanent position for value-added oat-based products in oat-based value-added products and thus higher net sales and profitability. We assume limited expansion markets far bigger than Finland. Expansion would require investments in growth and thus operating profit would suffer in the coming years. However, successful growth would enable higher utilization rates at the company's new factory for efforts in our projections from 2024 onwards. We raised our net sales forecasts for 2024-25 by 1% and 3% and lowered our EBIT forecasts by 9% and 3% due to front-loaded expansion costs.

## Overseas growth ambitions add an unpredictable element to the investment story

The earnings-based valuation for the coming years is broadly in line with the peer group (EV/EBIT 2023-24e: 12x). At the same time, the dividend yield is a high 6.8%, above the peer group and supports the share price. The company's return on capital is reasonably good for the industry (2023-25e: 8-10%), although the figures are still undermined by significant growth investments in oat products and plant proteins. International expansion adds an additional element to the investment story, as it increases the long-term value creation potential of the company, but at the same time weakens near-term performance and increases the risk level of the stock. The company has so far had excellent success with its new products in the Finnish market and we believe that opportunities for success can also be found elsewhere in Europe thanks to good products and careful groundwork. Because of that, we are prepared to keep a positive view on the stock despite the increased risk level.

## Recommendation

**Accumulate**  
(previous Accumulate)

**EUR 2.30**  
(previous EUR 2.30)

**Share price:**  
2.05



## Key figures

	2022	2023e	2024e	2025e
<b>Revenue</b>	220.8	220.0	233.0	249.0
<b>growth-%</b>	-10%	0%	6%	7%
<b>EBIT adj.</b>	18.4	22.4	23.0	26.7
<b>EBIT-% adj.</b>	8.3 %	10.2 %	9.8 %	10.7 %
<b>Net Income</b>	12.5	18.3	19.6	21.7
<b>EPS (adj.)</b>	0.08	0.12	0.12	0.14

<b>P/E (adj.)</b>	29.7	16.9	16.5	15.0
<b>P/B</b>	1.5	1.3	1.3	1.3
<b>Dividend yield-%</b>	5.8 %	6.8 %	6.8 %	6.8 %
<b>EV/EBIT (adj.)</b>	18.5	12.1	11.9	10.5
<b>EV/EBITDA</b>	12.2	8.5	8.2	7.5
<b>EV/S</b>	1.5	1.2	1.2	1.1

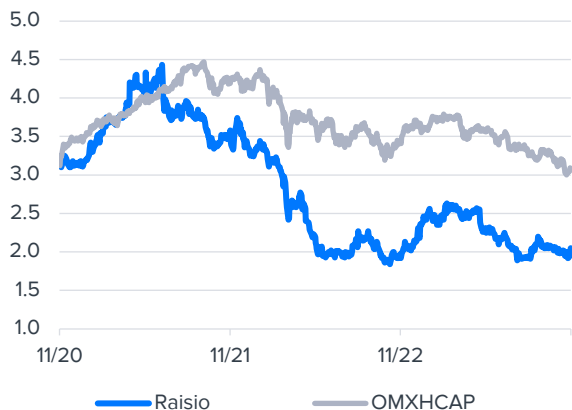
Source: Inderes

## Guidance

(Unchanged)

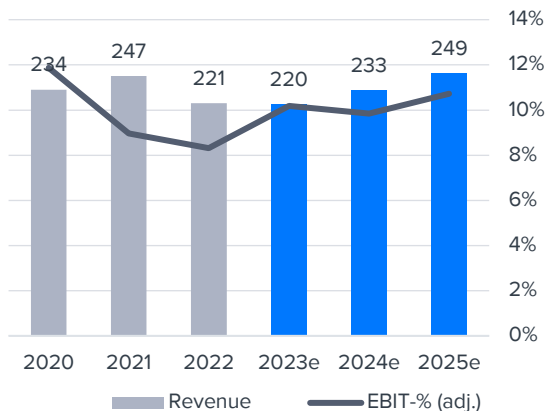
Raisio expects comparable net sales to be at or slightly below the previous year's level (2022: 220 MEUR). Comparable profit is expected to be EUR 21-23 million

### Share price



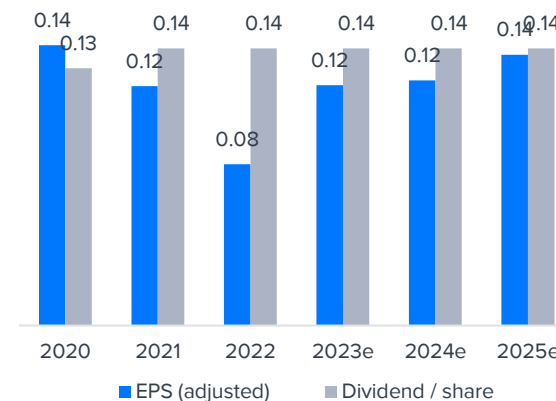
Source: Millstream Market Data AB

### Revenue and EBIT-%



Source: Inderes

### EPS and dividend



Source: Inderes



### Value drivers

- Respected brands and strong market share in own product categories
- Recent investments in Nokia's oat mill and plant-based value-added products plant will enable high-margin growth through increased utilization rates
- Strengthened own production capacity enables new products to be launched more quickly than before
- Stable profitability and defensive end market
- Strong balance sheet and good cash flow profile allow for M&A and/or extraordinary profit distribution



### Risk factors

- Weakening consumer purchasing power due to cost inflation and economic uncertainty
- Keeping key brands relevant and competitive
- Risks related to raw material prices and availability affect the profitability of the B2B business in particular
- Large retail customers have strong negotiation position
- Failure in new product segments or export efforts

Valuation	2023e	2024e	2025e
Share price	2.05	2.05	2.05
Number of shares, millions	158.4	158.4	158.4
Market cap	325	325	325
EV	271	272	279
P/E (adj.)	16.9	16.5	15.0
P/E	17.7	16.5	15.0
P/B	1.3	1.3	1.3
P/S	1.5	1.4	1.3
EV/Sales	1.2	1.2	1.1
EV/EBITDA	8.5	8.2	7.5
EV/EBIT (adj.)	12.1	11.9	10.5
Payout ratio (%)	120.9 %	112.9 %	102.3 %
Dividend yield-%	6.8 %	6.8 %	6.8 %

Source: Inderes

# Result slightly above expectations despite a difficult market

## As expected, net sales were flat

Q3 net sales were flat year-on-year and roughly in line with expectations. The price component no longer had a major impact on net sales development, as most of last year's price hikes were already implemented in Q2. Net sales in both segments, Healthy Food and Healthy Ingredients, decreased by 1% year-on-year in Q3. The demand situation in the Finnish consumer market has improved slightly over the summer and early fall, but the UK market has remained very difficult. In Healthy Ingredients, sales volumes to bakeries, industry and food service customers fell significantly. By product group, sales of oat products and ingredients were up 15% in January-September, sales of Benecol and plant stanol ester solutions were down 6% and sales of plant proteins were down 17%.

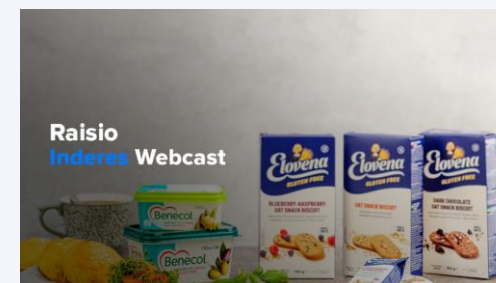
## Profitability slightly above expectations

Comparable EBIT for Q3 was EUR 7.4 million (Q3'22: 6.5 MEUR), which exceeded our forecast by 10%. The reported EBIT was EUR 7.0 million, affected by EUR 0.2 million of items affecting comparability related to business expansion and EUR 0.1 million of restructuring costs. The net result was EUR 5.9 MEUR, which exceeded our forecast by 11%. EPS landed at EUR 0.04. The comparable EBIT exceeded our expectations in the Healthy Food segment, reaching EUR 5.7 million (our forecast: 5.1 MEUR). The EBIT for Healthy Ingredients was EUR 1.8 million, slightly below our forecast of EUR 2.1 million. Cash flow from operating activities in Q3 was at a very strong level of EUR 15 million (Q3'22: 1.8 MEUR), driven by a decrease in working capital.

Estimates MEUR / EUR	Q3'22 Comparison	Q3'23 Actualized	Q3'23e Inderes	Q3'23e Consensus	Difference (%) Act. vs. inderes	2023e Inderes
Revenue	56.5	56.1	55.4	55.0	1%	220
EBIT (adj.)	6.5	7.4	6.7	7.0	10%	22.4
EBIT	6.2	7.0	6.7	7.0	4%	21.5
EPS (reported)	0.03	0.04	0.04	0.04	11%	0.12
Revenue growth-%	11.2 %	-0.7 %	-1.9 %	-2.6 %	1.3 pp	-0.4 %
EBIT-% (adj.)	11.5 %	13.2 %	12.1 %	12.7 %	1.1 pp	10.2 %

Source: Inderes & Bloomberg (consensus, 5 analysts)

Watch the Q3 earnings call below  
(in Finnish)



# International growth pushes profit improvement further down the road

## Overseas expansion would mean weaker profits in the short term, but much higher potential

- Raisio reiterated its guidance that net sales in 2023 are expected to be at or slightly below the level of 2022 and comparable EBIT is expected to be between EUR 21-23 million (2022: 18.4 MEUR). We think that the company will likely meet the guidance.
- The company said it has been laying the groundwork for international sales of oat products and mentioned its aim to create a permanent position for value-added oat-based products in markets far bigger than Finland. However, international growth requires a lot of work and OPEX investments.
- We included in our estimates the assumption that Raisio would start to drive international growth with moderate investments during 2024, in a reasonably sized European country. We raised our net sales forecasts for 2024-25 by 1-3% and lowered our EBIT forecasts by 9% and 3%.
- Growth measures can be partly offset by the ongoing efficiency program, but we estimate the net effect to be negative in the short term.
- International growth would support Raisio's long-term profit growth outlook and enable the new factory for plant-based value-added products to increase utilization rates.
- The company's Elovena brand or new brands acquired through acquisitions could be utilized for growth.

Estimate revisions	2023e			2024e			2025e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
MEUR / EUR									
Revenue	218	220	1%	231	233	1%	243	249	3%
EBIT (excl. NRIs)	22.5	22.4	-1%	25.3	23.0	-9%	27.5	26.7	-3%
EBIT	21.6	21.5	-1%	25.3	23.0	-9%	27.5	26.7	-3%
EPS (excl. NRIs)	0.12	0.12	-1%	0.13	0.12	-5%	0.14	0.14	-3%
DPS	0.14	0.14	0%	0.14	0.14	0%	0.15	0.14	-7%

Source: Inderes

Watch Inderes interview with CEO Pekka Kuusniemi below (in Finnish)



# Growth investments elevate valuation multiples

## A stable company with pricing power

In our view, Raisio is a relatively stable company with a relatively good growth profile and return on invested capital compared to its industry. In the food sector, cyclical fluctuations have relatively little impact on the development of demand, and Raisio has a good level of cost control. The industry is highly competitive, resulting in relatively low average ROIs for the industry. However, Raisio's well-known brands and products based on functionality enable a higher return on capital than the industry average. The industry's growth profile is low and largely in line with GDP, but Raisio is better positioned than the industry average in terms of megatrends. In addition, we believe that the company's valuation should take into account the significant investments made in recent years, which are not yet reflected in earnings but offer potential for profitable growth in the future, both in Finland and abroad. However, expansion outside Finland in the consumer business raises the risk level of the stock and correspondingly expands the value creation potential.

## Earnings-based valuation could be slightly above peers in the short term

Raisio's market value at a share price of EUR 2.05 is EUR 325 million. The group has a hefty net cash position on its balance sheet, which is why its unleveraged enterprise value (EV) is significantly lower than its market value (2023e: 271 MEUR). Due to Raisio's large net cash position, investors should pay particular attention to the company's debt-free EV and EV-based ratios.

With our 2023 and 2024 estimates, EV/EBIT multiples are around 12x. The 2022 result was exceptionally low

due to the impact of the war of aggression in Russia, as the Healthy Ingredients segment in particular suffered from the sharp rise in cereal prices in spring 2022. However, Raisio's profitability has been restored to a good level.

In recent years, Raisio has invested significantly in growth (e.g. the factory for plant-based value-added products and the Verso Food acquisition) in product segments with stronger long-term growth prospects than the rest of the food market. The company still has a lot of commercialization work to do to make a profit from these investments. Increasing international consumer sales is risky and requires financial investments, but we believe the company can deliver results in the long term thanks to good products and thorough due diligence. Short-term estimates are weighed down by the costs of growth work. Therefore, we believe that the stock could justify a slightly higher valuation level than its peers in the short term (fair value EV/EBIT 14x).

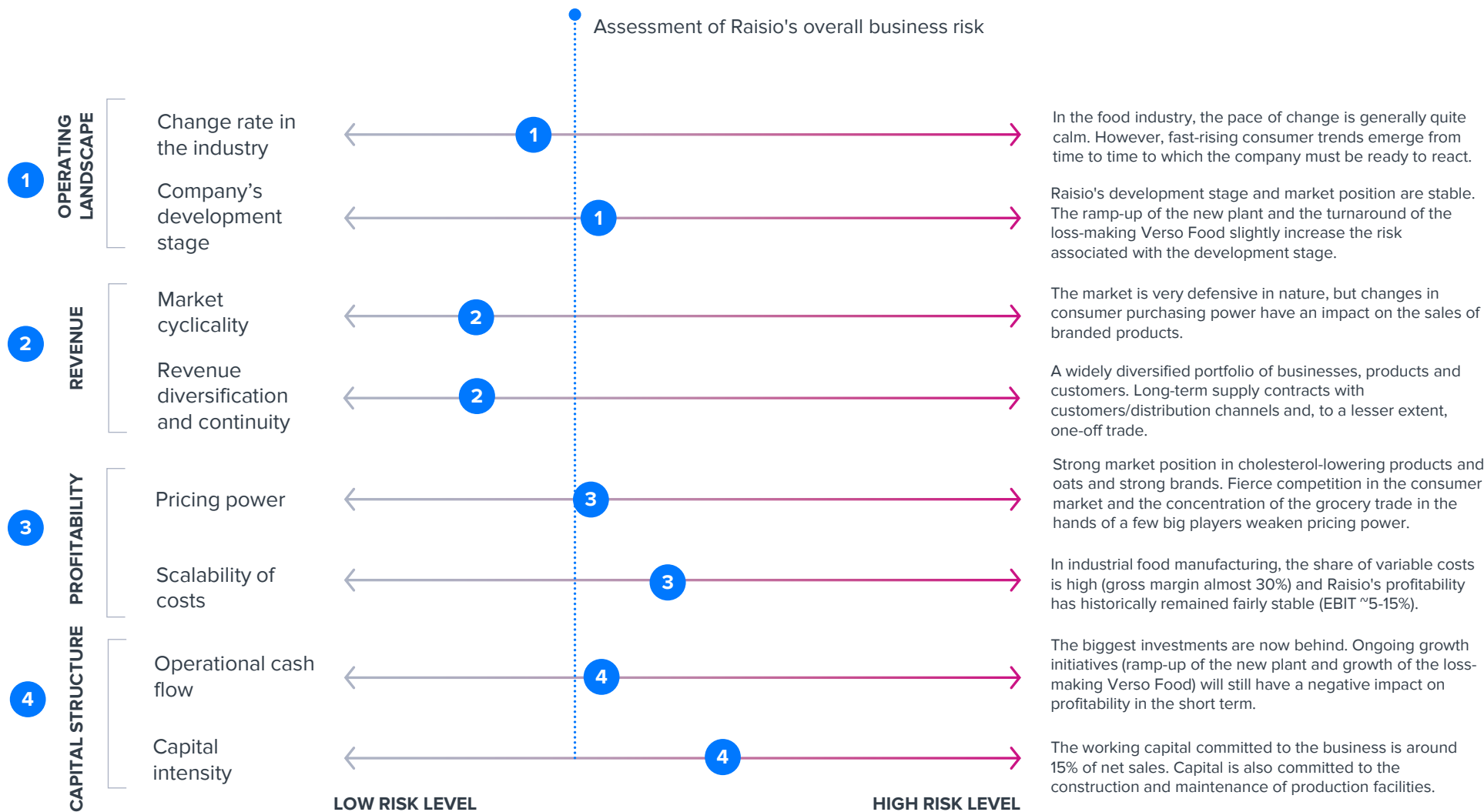
## Dividend yield at a good level

Due to its overcapitalized balance sheet, Raisio aims to distribute extra dividends and cancel treasury shares at a steady pace during the strategy period. The company has signaled that it aims to maintain a total dividend level of EUR 0.14 over the strategy period, even if EPS are lower in the short term. In our projections, Raisio will distribute ~102-121% of its earnings as dividends in 2023-25. The dividend yield for 2023e is 6.8% (peer group average 3.2%).

Valuation	2023e	2024e	2025e
Share price	2.05	2.05	2.05
Number of shares, millions	158.4	158.4	158.4
Market cap	325	325	325
EV	271	272	279
P/E (adj.)	16.9	16.5	15.0
P/E	17.7	16.5	15.0
P/B	1.3	1.3	1.3
P/S	1.5	1.4	1.3
EV/Sales	1.2	1.2	1.1
EV/EBITDA	8.5	8.2	7.5
EV/EBIT (adj.)	12.1	11.9	10.5
Payout ratio (%)	120.9 %	112.9 %	102.3 %
Dividend yield-%	6.8 %	6.8 %	6.8 %

Source: Inderes

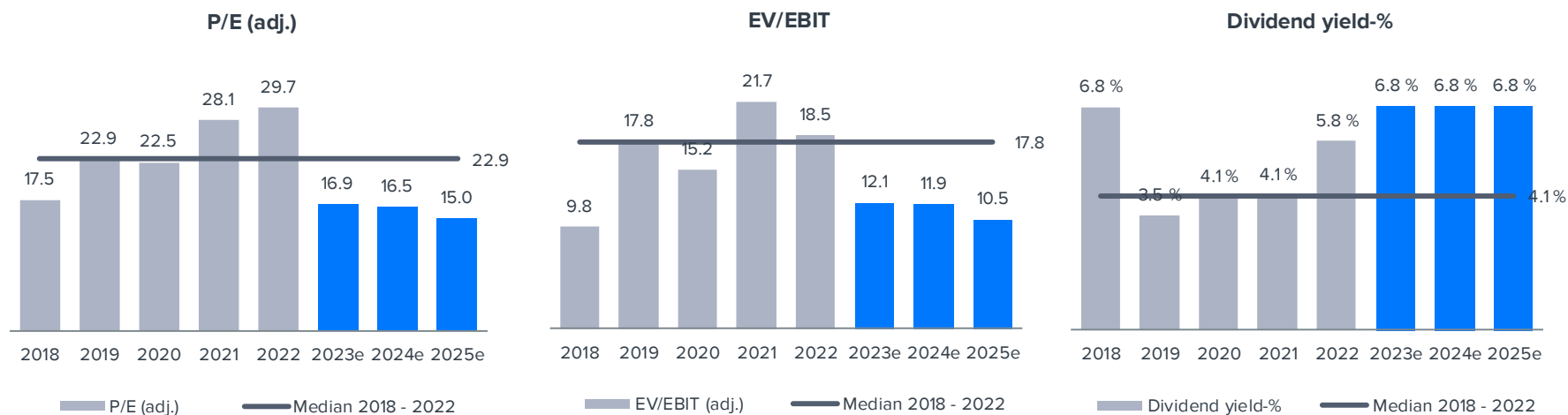
# Risk profile of Raisio's business model



# Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	2.35	3.72	3.19	3.40	2.43	2.05	2.05	2.05	2.05
Number of shares, millions	157.3	157.4	157.4	158.4	158.4	158.4	158.4	158.4	158.4
Market cap	369	585	504	539	384	325	325	325	325
EV	250	486	421	479	339	271	272	279	279
P/E (adj.)	17.5	22.9	22.5	28.1	29.7	16.9	16.5	15.0	13.4
P/E	30.8	22.9	21.4	25.9	30.7	17.7	16.5	15.0	13.4
P/B	1.4	2.2	1.9	1.9	1.5	1.3	1.3	1.3	1.3
P/S	1.6	2.5	2.2	2.2	1.7	1.5	1.4	1.3	1.3
EV/Sales	1.1	2.1	1.8	1.9	1.5	1.2	1.2	1.1	1.1
EV/EBITDA	8.1	14.5	12.0	14.9	12.2	8.5	8.2	7.5	6.8
EV/EBIT (adj.)	9.8	17.8	15.2	21.7	18.5	12.1	11.9	10.5	9.3
Payout ratio (%)	209.8 %	80.2 %	87.4 %	106.8 %	177.4 %	120.9 %	112.9 %	102.3 %	97.8 %
Dividend yield-%	6.8 %	3.5 %	4.1 %	4.1 %	5.8 %	6.8 %	6.8 %	6.8 %	7.3 %

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	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
AAK	4660	4951	14.7	14.7	12.0	11.9	1.2	1.2	19.8	19.1	1.9	2.0	3.2
Associated British Foods	17798	20678	12.3	10.4	7.5	6.7	0.9	0.9	14.5	12.3	2.4	2.7	1.4
Archer-Daniels-Midland	36116	40962	9.5	10.6	6.9	7.7	0.5	0.5	9.9	10.9	2.5	2.7	1.6
Apetit	77	63	9.0	10.5	4.8	5.2	0.4	0.4	9.4	13.5	5.7	4.9	0.8
Aryzta	1717	1966	9.4	11.3	5.0	6.5	0.7	0.9	9.7	17.8			2.1
Bunge	14568	15695	5.9	6.8	5.1	5.5	0.3	0.3	8.3	9.1	2.5	2.6	1.5
Bonduelle	326	762	13.0	10.6	5.1	4.7	0.3	0.3	8.9	7.8	3.0	3.2	0.4
Cloetta	437	641	9.7	8.9	7.0	6.5	0.9	0.9	10.7	9.3	5.6	5.6	1.0
Campbell Soup	11379	15638	12.1	11.7	9.5	9.3	1.8	1.8	13.5	13.2	3.7	3.8	3.4
Danone	38057	49179	14.5	13.8	10.6	10.4	1.8	1.8	16.3	15.7	3.7	3.8	1.9
Ebro Foods	2474	3024	11.5	11.1	8.3	8.0	1.0	1.0	14.9	14.1	3.9	4.1	1.1
Fodelia	34	39	19.7	13.1	9.8	6.6	0.8	0.7	16.8	11.7	2.4	3.1	2.4
General Mills	35878	47268	14.5	13.8	12.4	11.8	2.5	2.4	15.4	14.6	3.3	3.6	3.7
Greencore Group	496	800	9.5	8.6	5.3	5.0	0.4	0.4	10.9	9.3		2.8	1.0
Kellogg	16347	22837	13.2	13.1	10.9	10.7	1.8	1.8	14.1	14.0	4.7	4.7	4.7
Kerry Group	12909	14722	16.3	14.8	12.3	11.4	1.8	1.7	16.8	15.3	1.6	1.7	1.9
Mondelez International	85218	103865	19.0	18.1	15.7	15.1	3.1	3.0	20.5	19.0	2.4	2.7	3.1
Nestle	272191	329985	19.6	18.5	15.9	15.1	3.4	3.3	20.1	19.0	3.2	3.3	6.3
Orkla	6525	8395	14.2	13.5	10.3	10.0	1.5	1.4	13.5	13.1	4.1	4.3	1.7
Premier Foods	1169	1496	8.6	8.9	7.3	6.8	1.3	1.2	10.2	9.5	1.2	1.4	0.6
Tate & Lyle	2907	3178	11.5	10.6	8.6	8.3	1.6	1.6	13.0	11.5	2.9	3.0	2.2
Unilever	111637	139463	14.0	13.2	12.3	11.5	2.3	2.3	17.2	16.0	3.9	4.1	5.8
<b>Raisio (Inderes)</b>	<b>325</b>	<b>271</b>	<b>12.1</b>	<b>11.9</b>	<b>8.5</b>	<b>8.2</b>	<b>1.2</b>	<b>1.2</b>	<b>16.9</b>	<b>16.5</b>	<b>6.8</b>	<b>6.8</b>	<b>1.3</b>
<b>Average</b>			<b>12.8</b>	<b>12.1</b>	<b>9.2</b>	<b>8.8</b>	<b>1.4</b>	<b>1.3</b>	<b>13.8</b>	<b>13.4</b>	<b>3.2</b>	<b>3.3</b>	<b>2.3</b>
<b>Median</b>			<b>12.6</b>	<b>11.5</b>	<b>9.0</b>	<b>8.1</b>	<b>1.3</b>	<b>1.2</b>	<b>13.8</b>	<b>13.3</b>	<b>3.1</b>	<b>3.2</b>	<b>1.9</b>
<b>Diff-% to median</b>			<b>-4%</b>	<b>3%</b>	<b>-6%</b>	<b>1%</b>	<b>-4%</b>	<b>-4%</b>	<b>22%</b>	<b>24%</b>	<b>122%</b>	<b>115%</b>	<b>-34%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	2024e	2025e	2026e
<b>Revenue</b>	<b>247</b>	<b>53.2</b>	<b>55.5</b>	<b>56.5</b>	<b>55.6</b>	<b>221</b>	<b>56.5</b>	<b>52.7</b>	<b>56.1</b>	<b>54.7</b>	<b>220</b>	<b>233</b>	<b>249</b>	<b>259</b>
Healthy Foods	143	35.6	35.0	36.7	35.7	143	37.0	34.9	36.3	35.7	144	154	164	171
Healthy Ingredients	133	27.6	29.4	29.6	29.1	116	28.6	26.1	29.5	28.1	112	117	122	126
Other Operations	1.5	0.5	0.5	0.5	0.6	2.0	0.6	0.8	0.8	0.8	3.0	3.1	3.1	3.2
<b>EBITDA</b>	<b>32.2</b>	<b>3.9</b>	<b>6.9</b>	<b>8.7</b>	<b>8.3</b>	<b>27.8</b>	<b>6.5</b>	<b>7.5</b>	<b>9.6</b>	<b>8.1</b>	<b>31.7</b>	<b>33.4</b>	<b>37.4</b>	<b>41.1</b>
Depreciation	-8.5	-2.5	-2.5	-2.5	-2.4	-9.9	-2.5	-2.5	-2.6	-2.6	-10.2	-10.4	-10.7	-11.1
<b>EBIT (excl. NRI)</b>	<b>22.1</b>	<b>1.4</b>	<b>4.4</b>	<b>6.5</b>	<b>6.0</b>	<b>18.4</b>	<b>4.2</b>	<b>5.7</b>	<b>7.0</b>	<b>5.5</b>	<b>22.4</b>	<b>23.0</b>	<b>26.7</b>	<b>30.1</b>
<b>EBIT</b>	<b>23.7</b>	<b>1.4</b>	<b>4.4</b>	<b>6.2</b>	<b>5.9</b>	<b>17.9</b>	<b>4.0</b>	<b>5.0</b>	<b>7.0</b>	<b>5.5</b>	<b>21.5</b>	<b>23.0</b>	<b>26.7</b>	<b>30.1</b>
Healthy Foods	19.2	2.7	4.1	6.6	4.5	18.0	3.3	4.0	5.6	3.8	16.7	16.5	19.7	19.9
Healthy Ingredients	8.0	0.0	1.4	0.2	1.8	3.4	1.8	1.9	1.8	2.0	7.5	8.4	9.0	14.7
Other Operations	-3.5	-1.3	-1.0	-0.7	-0.4	-3.4	-1.2	-0.9	-0.3	-0.3	-2.7	-2.0	-2.0	0.4
Net financial items	0.9	-1.3	-1.2	-0.7	0.3	-2.9	0.4	0.7	0.6	0.4	2.1	1.6	0.4	0.3
<b>PTP</b>	<b>24.6</b>	<b>0.1</b>	<b>3.2</b>	<b>5.5</b>	<b>6.2</b>	<b>15.0</b>	<b>4.4</b>	<b>5.7</b>	<b>7.6</b>	<b>5.9</b>	<b>23.6</b>	<b>24.6</b>	<b>27.1</b>	<b>30.4</b>
Taxes	-3.9	-0.2	-0.2	-1.0	-1.1	-2.5	-0.9	-1.5	-1.7	-1.2	-5.3	-4.9	-5.4	-6.1
<b>Net earnings</b>	<b>20.8</b>	<b>-0.1</b>	<b>3.0</b>	<b>4.5</b>	<b>5.0</b>	<b>12.5</b>	<b>3.5</b>	<b>4.2</b>	<b>5.9</b>	<b>4.7</b>	<b>18.3</b>	<b>19.6</b>	<b>21.7</b>	<b>24.3</b>
<b>EPS (adj.)</b>	<b>0.12</b>	<b>0.00</b>	<b>0.02</b>	<b>0.03</b>	<b>0.03</b>	<b>0.08</b>	<b>0.02</b>	<b>0.03</b>	<b>0.04</b>	<b>0.03</b>	<b>0.12</b>	<b>0.12</b>	<b>0.14</b>	<b>0.15</b>
<b>EPS (rep.)</b>	<b>0.13</b>	<b>0.00</b>	<b>0.02</b>	<b>0.03</b>	<b>0.03</b>	<b>0.08</b>	<b>0.02</b>	<b>0.03</b>	<b>0.04</b>	<b>0.03</b>	<b>0.12</b>	<b>0.12</b>	<b>0.14</b>	<b>0.15</b>
<b>Key figures</b>	<b>2021</b>	<b>Q1'22</b>	<b>Q2'22</b>	<b>Q3'22</b>	<b>Q4'22</b>	<b>2022</b>	<b>Q1'23</b>	<b>Q2'23</b>	<b>Q3'23</b>	<b>Q4'23e</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
<b>Revenue growth-%</b>	5.6 %	6.4 %	-16.7 %	-18.9 %	-7.7 %	-10.4 %	6.1 %	-5.0 %	-0.7 %	-1.7 %	-0.4 %	5.9 %	6.8 %	4.0 %
<b>Adjusted EBIT growth-%</b>	-20.3 %	-69.6 %	-15.3 %	-20.7 %	52.1 %	-17.0 %	192.4 %	28.2 %	8.3 %	-8.7 %	22.0 %	2.5 %	16.3 %	12.6 %
<b>EBITDA-%</b>	13.0 %	7.4 %	12.5 %	15.4 %	14.8 %	12.6 %	11.5 %	14.2 %	17.2 %	14.7 %	14.4 %	14.3 %	15.0 %	15.9 %
<b>Adjusted EBIT-%</b>	9.0 %	2.7 %	8.0 %	11.5 %	10.8 %	8.3 %	7.5 %	10.8 %	12.5 %	10.0 %	10.2 %	9.8 %	10.7 %	11.6 %
<b>Net earnings-%</b>	8.4 %	-0.1 %	5.5 %	8.0 %	9.0 %	5.7 %	6.2 %	8.0 %	10.6 %	8.6 %	8.3 %	8.4 %	8.7 %	9.4 %

Source: Inderes

# Balance sheet

Assets	2021	2022	2023e	2024e	2025e
<b>Non-current assets</b>	<b>194</b>	<b>186</b>	<b>178</b>	<b>177</b>	<b>182</b>
Goodwill	49.6	47.0	47.0	47.0	47.0
Intangible assets	36.0	33.5	33.0	34.5	36.3
Other investments	2.8	3.0	3.0	3.0	3.0
Deferred tax assets	3.9	3.7	3.7	3.7	3.7
<b>Current assets</b>	<b>160</b>	<b>146</b>	<b>135</b>	<b>138</b>	<b>144</b>
Inventories	37.9	42.8	40.4	41.7	44.0
Other current assets	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>354</b>	<b>332</b>	<b>313</b>	<b>316</b>	<b>327</b>

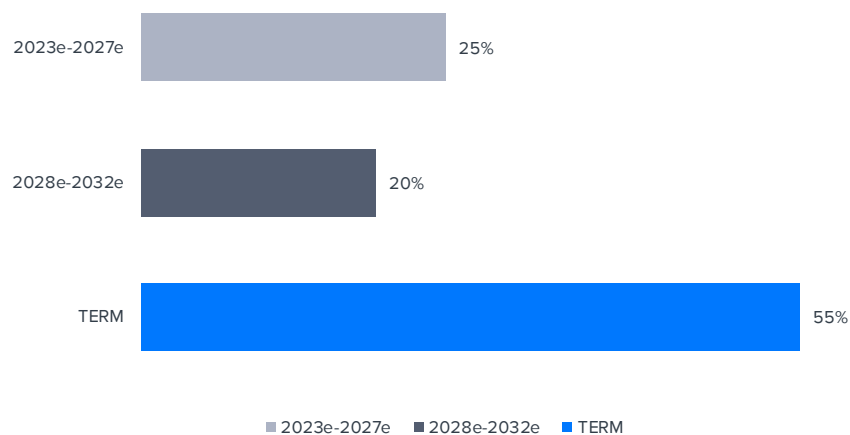
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
<b>Equity</b>	<b>281</b>	<b>263</b>	<b>259</b>	<b>256</b>	<b>256</b>
Share capital	27.8	27.8	27.8	27.8	27.8
Retained earnings	253	235	231	228	228
Other equity	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>35.6</b>	<b>33.7</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>
Deferred tax liabilities	9.7	10.0	10.0	10.0	10.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	25.9	23.7	0.0	0.0	0.0
<b>Current liabilities</b>	<b>38.1</b>	<b>35.3</b>	<b>44.6</b>	<b>49.7</b>	<b>60.9</b>
Interest bearing debt	3.2	3.2	11.8	15.0	23.9
Payables	34.7	31.2	31.9	33.8	36.1
Other current liabilities	0.2	0.9	0.9	0.9	0.9
<b>Balance sheet total</b>	<b>354</b>	<b>332</b>	<b>313</b>	<b>316</b>	<b>327</b>

# DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	-10.4 %	-0.4 %	5.9 %	6.8 %	4.0 %	4.0 %	3.0 %	3.0 %	3.0 %	3.0 %	2.0 %	2.0 %
EBIT-%	8.1 %	9.8 %	9.8 %	10.7 %	11.6 %	11.6 %	11.6 %	11.6 %	10.0 %	9.5 %	9.5 %	9.5 %
<b>EBIT (operating profit)</b>	<b>17.9</b>	<b>21.5</b>	<b>23.0</b>	<b>26.7</b>	<b>30.1</b>	<b>31.3</b>	<b>32.2</b>	<b>33.2</b>	<b>29.4</b>	<b>28.8</b>	<b>29.4</b>	
+ Depreciation	9.9	10.2	10.4	10.7	11.1	11.6	12.2	12.6	12.5	12.5	12.4	
- Paid taxes	-2.0	-5.3	-4.9	-5.4	-6.1	-6.3	-6.5	-6.7	-6.0	-5.8	-5.9	
- Tax, financial expenses	-0.7	0.3	0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	
+ Tax, financial income	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	
- Change in working capital	-5.6	5.4	0.1	-1.5	-0.5	-0.5	-0.1	0.0	0.0	0.0	-0.8	
<b>Operating cash flow</b>	<b>19.7</b>	<b>32.3</b>	<b>28.9</b>	<b>30.5</b>	<b>34.6</b>	<b>36.1</b>	<b>37.9</b>	<b>39.1</b>	<b>36.1</b>	<b>35.5</b>	<b>35.1</b>	
+ Change in other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-1.8	-2.3	-9.6	-15.4	-12.3	-13.3	-12.3	-12.3	-12.3	-12.2	-14.0	
<b>Free operating cash flow</b>	<b>17.9</b>	<b>29.9</b>	<b>19.3</b>	<b>15.1</b>	<b>22.3</b>	<b>22.8</b>	<b>25.6</b>	<b>26.8</b>	<b>23.8</b>	<b>23.3</b>	<b>21.1</b>	
+/- Other	-7.7	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	10.2	29.6	19.3	15.1	22.3	22.8	25.6	26.8	23.8	23.3	21.1	395
<b>Discounted FCFF</b>		<b>29.3</b>	<b>17.7</b>	<b>12.9</b>	<b>17.8</b>	<b>16.9</b>	<b>17.7</b>	<b>17.2</b>	<b>14.2</b>	<b>13.0</b>	<b>10.9</b>	<b>205</b>
Sum of FCFF present value		372	343	325	312	295	278	260	243	229	216	205
<b>Enterprise value DCF</b>		<b>372</b>										
- Interest bearing debt		-26.9										
+ Cash and cash equivalents		72.0										
-Minorities		0.0										
-Dividend/capital return		-22.2										
<b>Equity value DCF</b>		<b>395</b>										
<b>Equity value DCF per share</b>		<b>2.5</b>										

Cash flow distribution



## WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	3.0 %
Equity Beta	1.04
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>7.4 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>7.4 %</b>

Source: Inderes

# Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	233.6	246.6	220.8	<b>220.0</b>	<b>233.0</b>	EPS (reported)	0.15	0.13	0.08	<b>0.12</b>	<b>0.12</b>
EBITDA	35.1	32.2	27.8	<b>31.7</b>	<b>33.4</b>	EPS (adj.)	0.14	0.12	0.08	<b>0.12</b>	<b>0.12</b>
EBIT	28.9	23.7	17.9	<b>21.5</b>	<b>23.0</b>	OCF / share	0.22	0.19	0.12	<b>0.20</b>	<b>0.18</b>
PTP	29.4	24.6	15.0	<b>23.6</b>	<b>24.6</b>	FCF / share	0.06	-0.09	0.06	<b>0.19</b>	<b>0.12</b>
Net Income	23.4	20.8	4.8	<b>18.0</b>	<b>19.6</b>	Book value / share	1.71	1.77	1.66	<b>1.63</b>	<b>1.62</b>
Extraordinary items	1.1	1.6	-0.4	<b>-0.9</b>	<b>0.0</b>	Dividend / share	0.13	0.14	0.14	<b>0.14</b>	<b>0.14</b>
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	314.6	354.4	331.9	<b>313.4</b>	<b>315.9</b>	Revenue growth-%	-1%	6%	-10%	<b>0%</b>	<b>6%</b>
Equity capital	269.5	280.7	262.9	<b>258.8</b>	<b>256.3</b>	EBITDA growth-%	4%	-8%	-13%	<b>14%</b>	<b>5%</b>
Goodwill	45.9	49.6	47.0	<b>47.0</b>	<b>47.0</b>	EBIT (adj.) growth-%	2%	-20%	-17%	<b>22%</b>	<b>2%</b>
Net debt	-83.1	-59.9	-45.1	<b>-54.2</b>	<b>-52.6</b>	EPS (adj.) growth-%	-13%	-15%	-33%	<b>49%</b>	<b>2%</b>
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	15.0 %	13.0 %	12.6 %	<b>14.4 %</b>	<b>14.3 %</b>
EBITDA	35.1	32.2	27.8	<b>31.7</b>	<b>33.4</b>	EBIT (adj.)-%	11.9 %	9.0 %	8.3 %	<b>10.2 %</b>	<b>9.8 %</b>
Change in working capital	1.6	0.5	-5.6	<b>5.4</b>	<b>0.1</b>	EBIT-%	12.4 %	9.6 %	8.1 %	<b>9.8 %</b>	<b>9.8 %</b>
Operating cash flow	34.4	30.7	19.7	<b>32.3</b>	<b>28.9</b>	ROE-%	8.7 %	7.6 %	4.6 %	<b>7.0 %</b>	<b>7.6 %</b>
CAPEX	-23.9	-45.2	-1.8	<b>-2.3</b>	<b>-9.6</b>	ROI-%	11.2 %	8.5 %	6.4 %	<b>8.0 %</b>	<b>8.8 %</b>
Free cash flow	9.3	-14.4	10.2	<b>29.6</b>	<b>19.3</b>	Equity ratio	85.7 %	79.2 %	79.2 %	<b>82.6 %</b>	<b>81.1 %</b>
Valuation multiples	2020	2021	2022	2023e	2024e	Gearing	-30.8 %	-21.3 %	-17.2 %	<b>-21.0 %</b>	<b>-20.5 %</b>
EV/S	1.8	1.9	1.5	<b>1.2</b>	<b>1.2</b>						
EV/EBITDA (adj.)	12.0	14.9	12.2	<b>8.5</b>	<b>8.2</b>						
EV/EBIT (adj.)	15.2	21.7	18.5	<b>12.1</b>	<b>11.9</b>						
P/E (adj.)	22.5	28.1	29.7	<b>16.9</b>	<b>16.5</b>						
P/B	1.9	1.9	1.5	<b>1.3</b>	<b>1.3</b>						
Dividend-%	4.1 %	4.1 %	5.8 %	<b>6.8 %</b>	<b>6.8 %</b>						

Source: Inderes

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Date	Recommendation	Target	Share price
3/24/2020	Accumulate	3.00 €	2.79 €
5/6/2020	Reduce	3.40 €	3.56 €
8/6/2020	Accumulate	3.30 €	3.08 €
11/6/2020	Accumulate	3.20 €	3.14 €
2/11/2021	Reduce	3.40 €	3.75 €
4/6/2021	Reduce	3.70 €	4.20 €
5/5/2021	Reduce	3.70 €	4.33 €
6/11/2021	Sell	3.60 €	4.21 €
7/10/2021	Reduce	3.60 €	3.77 €
8/5/2021	Reduce	3.60 €	3.93 €
8/22/2021	Reduce	3.60 €	3.73 €
11/3/2021	Reduce	3.50 €	3.42 €
2/9/2022	Reduce	3.40 €	3.19 €
3/3/2022	Accumulate	2.90 €	2.59 €
5/4/2022	Accumulate	2.40 €	2.12 €
8/1/2022	Accumulate	2.40 €	2.14 €
8/3/2022	Accumulate	2.50 €	2.27 €
11/2/2022	Accumulate	2.20 €	1.92 €
12/14/2022	Accumulate	2.60 €	2.36 €
12/27/2022	Accumulate	2.60 €	2.43 €
2/8/2023	Accumulate	2.70 €	2.48 €
5/3/2023	Accumulate	2.60 €	2.31 €
7/20/2023	Buy	2.30 €	1.91 €
8/9/2023	Accumulate	2.30 €	2.05 €
11/1/2023	Accumulate	2.30 €	2.05 €



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### Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

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