

# NIBE Industrier B

Company report

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# Short-term slowdown in a long-term growth market

We reiterate our Reduce recommendation with a slightly lowered target price of SEK 56.0 (prev. 59.0) The Q4 figures offered no major negative surprises and was overall in line with our and consensus forecast. However, the company's comments regarding the outlook for European Climate Solution sales, as well as the planned action program indicates a continued weak market situation during the year. We made negative revisions to our forecasts mainly for the current year, but we kept our long-term estimates. In the short term, the stock is still quite expensive on an earnings basis (2024e: P/E adj. 27x). However, we feel that the share is fairly priced to the earnings level in medium term.

## Flat sales development in the fourth quarter

NIBE's Q4 total net sales showed a flat year-on-year development and amounted to 11.7 BNSEK (incl. 7% from acquisition), due to a weak European heat pump market and high inventory levels in the whole value chain. Despite maintaining a healthy gross margin of 33.3%, NIBE's EBIT declined by -16% to 1.6 BNSEK due to lower sales volumes and high fixed costs. Given the prevailing industry trends in recent months, the performance was largely anticipated, with fourth-quarter figures broadly aligning with our forecasts. NIBE proposed an unchanged dividend (SEK 0.65 per share), which was lower than both our and consensus forecast.

## We have revised our estimates to reflect the action program

Although NIBE has avoided providing numerical guidance for the group in recent years, the company typically offers insights into the short-term outlook. Before the report, expectations leaned toward a weaker first half of 2024. However, NIBE's comments suggested that the weak trend might extend to the entire year. Additionally, NIBE is launching a 600 MSEK savings program set to take full effect in 2025. We view these costs as a necessary structural adjustment given the company's prior plans for higher volumes. While the cost-saving program may mitigate the decline in profitability, maintaining the high margins seen in 2023 seems unlikely without substantially stronger demand. Demand, in turn, is mainly linked to European economic growth and consumer purchasing power. However, due to our initial quite cautious estimates, our total sales adjustments are relatively modest, amounting to around 1-2% in 2024-2025. Although we anticipate the savings program will help offset some profitability pressures, we have reduced our EBIT estimates by 6-3% for 2024-2025, primarily due to expectations of lower sales volumes. Furthermore, we have incorporated the anticipated costs of around 900 MSEK associated with the program, impacting the EBIT in 2024. Looking ahead, we anticipate NIBE's earnings will improve from 2025 as inventory levels stabilize and economic conditions recover, supported by rising demand, somewhat lower interest rates, and the savings from the program.

## While the short-term risk/reward ratio is low, our long-term positive outlook on the company persists

Our projections for NIBE's earnings multiples for 2024 are still high (2024e P/E adj.: 27x) and only next year's adjusted P/E of 23x and EV/EBIT of 18x look neutral. The dividend yield for the next 12 months is marginal (1-2%) and does not offer clear support for expected return. While we recognize NIBE as a high-quality company with favorable long-term outlook, the short-term indicators are in the red and we remain unconvinced that the risks currently justify the potential rewards.

## Recommendation

**Reduce**  
(prev. Reduce)

**56.0 SEK**  
(prev. 59.0 SEK)

**Share price:**  
58.0 SEK



## Key indicators

	2023	2024e	2025e	2026e
<b>Revenue</b>	46,649	47,084	50,100	53,477
<b>growth-%</b>	16%	1%	6%	7%
<b>EBIT adj.</b>	7,069	6,077	7,110	7,807
<b>EBIT-% adj.</b>	15.2 %	12.9 %	14.2 %	14.6 %
<b>Net Income</b>	4,785	3,520	5,126	5,771
<b>EPS (adj.)</b>	2.42	2.19	2.54	2.86

<b>P/E (adj.)</b>	29.2	26.6	23.0	20.4
<b>P/B</b>	5.2	4.0	3.5	3.1
<b>Dividend yield-%</b>	0.9 %	0.9 %	1.4 %	1.5 %
<b>EV/EBIT (adj.)</b>	22.7	21.9	18.1	16.0
<b>EV/EBITDA</b>	18.2	18.6	13.9	12.5
<b>EV/S</b>	3.4	2.8	2.6	2.3

Source: Inderes

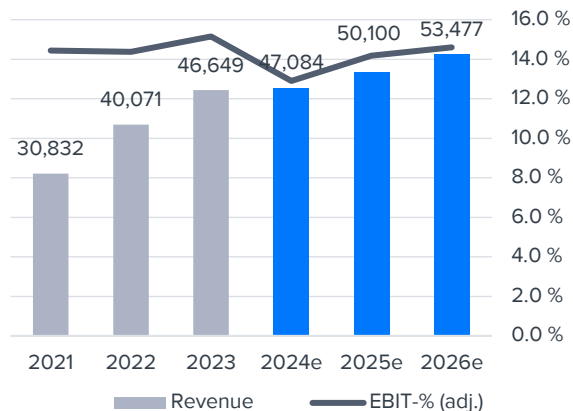
**Guidance** (NIBE provides no guidance)

## Share price



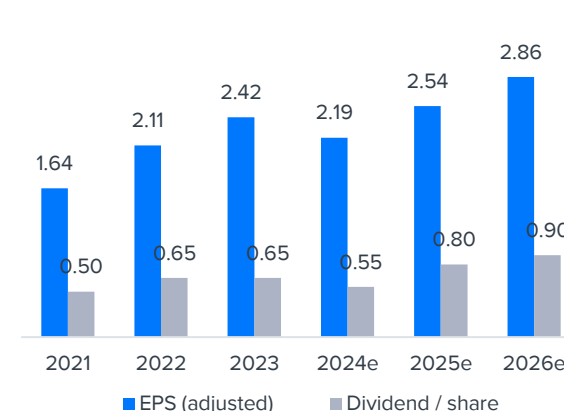
Source: Millstream Market Data AB

## 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	58.4	58.4	58.4
Number of shares, millions	2,016	2,016	2,016
Market cap	117,738	117,738	117,738
EV	132,890	128,909	124,837
P/E (adj.)	26.6	23.0	20.4
P/E	33.4	23.0	20.4
P/B	4.0	3.5	3.1
P/S	2.5	2.4	2.2
EV/Sales	2.8	2.6	2.3
EV/EBITDA	18.6	13.9	12.5
EV/EBIT (adj.)	21.9	18.1	16.0
Payout ratio (%)	31.5 %	31.5 %	31.4 %
Dividend yield-%	0.9 %	1.4 %	1.5 %

Source: Inderes

# Fourth quarter figures overall in line with expectations

## Negative external factors have spoiled the long-standing positive revenue trend

NIBE's Q4 total net sales showed a flat year-on-year development and amounted to 11.7 BNSEK, in line with both our and consensus forecast. The positive influence of acquisitions was notable (7% of total growth) but was weighed down by a negative organic growth. Climate Solutions (Q4'23: 7.7 BNSEK), the largest business area, faced a setback with a -9% organic growth, aligning with expectations. Stoves (Q4'23: 1.3 BNSEK) also showed negative organic growth, while Element (Q4'23: 3.0 BNSEK) performed slightly better than expected with flat organic growth.

The decline in Climate Solutions can be attributed to a sluggish European heat pump market, driven by higher interest rates, weakened consumer demand, and slow new construction activity. Additionally, high inventory levels in the value chain and continued unfavorable gas-to-electricity price ratios impacted the

business area. However, the North American market continued to grow positively, albeit from a lower base, partly due to favorable US subsidy programs

## Lower profitability despite continued good gross margins

NIBE's EBIT declined by -16% to 1.6 BNSEK, meeting our expectations but slightly below the consensus forecast. Despite maintaining a healthy gross margin of 33.3%, profitability (EBIT-%) decreased to 13.7% due to high fixed costs. All business areas experienced a negative operating profit development, with Climate Solutions having the most significant impact due to its size. Earnings per share (EPS) decreased to SEK 0.49 per share (0.68), falling short of both our and consensus estimates. The increase in net financial costs was attributed to rising interest rates.

In terms of cash flow (2.2 BNSEK in operating cash flow), the company managed to release working

capital during the quarter, in line with our expectations. However, due to continued large investments the free cash flow was quite modest.

## Growth slowdown and saving program in the cards

Due to ongoing weak demand in the European heat pump market during the first months of 2024, the company will implement an action program aimed at reducing staff and other fixed costs, particularly within Climate Solutions Europe. According to NIBE, approximately 500 employees are expected to be affected by the program, with anticipated savings estimated at around 600 MSEK, expected to take full effect in 2025. The associated costs of the action program are estimated at around 900 MSEK, impacting the first quarter of 2024. We believe these costs represent a structural adjustment, as the company had previously planned for higher volumes. Consequently, the cost-saving program is anticipated to help maintain solid profitability for NIBE.

Estimates MSEK / SEK	Q4'22	Q4'23	Q4'23e	Q4'23e	Consensus		Difference (%)	2023
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Actual
Revenue	11,667	11,656	11,739	11,889	11,317	- 12,828	-1%	46,649
EBIT (adj.)	1,896	1,592	1,587			-	0%	7,069
EBIT	1,888	1,592	1,587	1,670	1,469	- 2,012	0%	6,973
PTP	1,771	1,378	1,387	1,476	1,269	- 1,840	-1%	6,331
EPS (adj.)	0.68	0.49	0.55	0.59	0.51	- 0.71	-11%	2.42
Revenue growth-%	39.1%	-0.1%	0.6%	1.9%	-3.0%	- 10.0%	-0.7 pp	16.4%
EBIT-%	16.3%	13.7%	13.5%			-	0.1 pp	15.2%

Source: Inderes & Bloomberg (consensus 07.02.24, 11 analysts) (consensus)

# We adjust our estimates reflecting the cost saving program

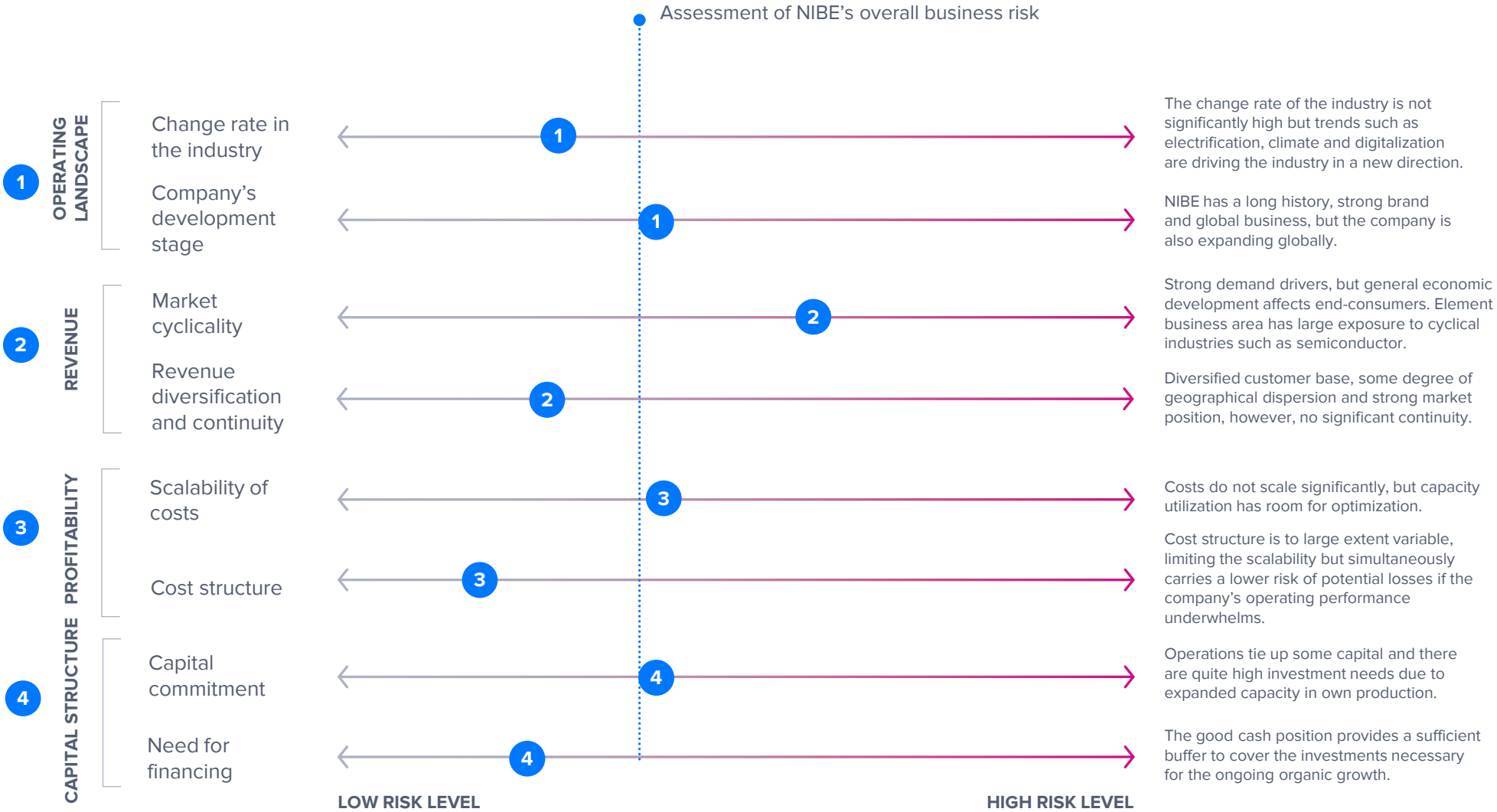
## Estimate changes

- We have made slight adjustments to our revenue forecasts for the years 2024-2025, partly due to the company's recent comments regarding the outlook for Climate Solution sales. We believe that the company has adopted a more cautious view towards the full-year 2024, leading to the implementation of an action program. Due to our initial quite cautious estimates, these adjustments are relatively modest, amounting to around 1-2%.
- We have taken into account the cost-saving program in our estimates and anticipate that it will help the company maintain its profitability in relative terms. Consequently, we have only slightly revised down our adjusted EBIT estimates by 6-3% for the years 2024-2025. This downward adjustment is primarily attributed to the expectation of lower sales volumes and somewhat lower gross margins. Furthermore, we have incorporated the anticipated costs of around 900 MSEK associated with the program, impacting the EBIT in 2024.
- While our long-term assumptions remain largely unchanged, we acknowledge that the tightened heat pump market and increased competition have heightened the risk factor associated with our long-term assumptions.

Estimate revisions	2023	2023	Change	2024e	2024e	Change	2025e	2025e	Change
MSEK / SEK	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	47,515	46,649	-2%	47,396	47,084	-1%	51,107	50,100	-2%
EBITDA	8,974	8,797	-2%	8,437	7,142	-15%	9,369	9,253	-1%
EBIT (exc. NRIs)	7,332	7,069	-4%	6,472	6,077	-6%	7,309	7,110	-3%
EBIT	7,240	6,973	-4%	6,472	5,177	-20%	7,309	7,110	-3%
PTP	6,612	6,331	-4%	5,893	4,533	-23%	6,955	6,581	-5%
EPS (excl. NRIs)	2.57	2.42	-6%	2.30	2.19	-5%	2.69	2.54	-5%
DPS	0.75	0.65	-13%	0.70	0.55	-21%	0.85	0.80	-6%

Source: Inderes

# Risk profile of the business model



Source: Inderes

# Price have come down, but risk/reward is still weak

## Multiples are still in the higher range in short-term

Our projected earnings multiples for NIBE in 2024 are high, whereas the P/E ratio (adj.) is 27x and EV/EBIT (adj.) is 22x. Next year's multiples (2025 P/E: 23x and EV/EBIT: 18) are close to the company's long-term medians. Relative to the uncertainties surrounding the operating environment and current interest rates expectations, we view them as quite neutral.

## Peer valuation and DCF model not in the green either

Compared to peers, NIBE is currently priced at a premium which we, considering NIBE's high profitability and robust long-term earnings growth, believe is justified. However, we believe that the short-term valuation premium is too big, around 17% based on 2024 earnings multiples. Although peers' consensus forecasts may of course be based on a more optimistic market and economic growth forecast than our scenario.

We also believe the DCF model is a relevant valuation method for NIBE, given the availability of sufficient historical financial information, stability in the industry, consistent growth, and a relatively predictable business. The value of our DCF model (SEK 56 per share) is relatively in line with the current share price. Therefore, even in the context of DCF, the current valuation do not bring any sufficient expected return.

## Expected return is still too thin even in medium-term

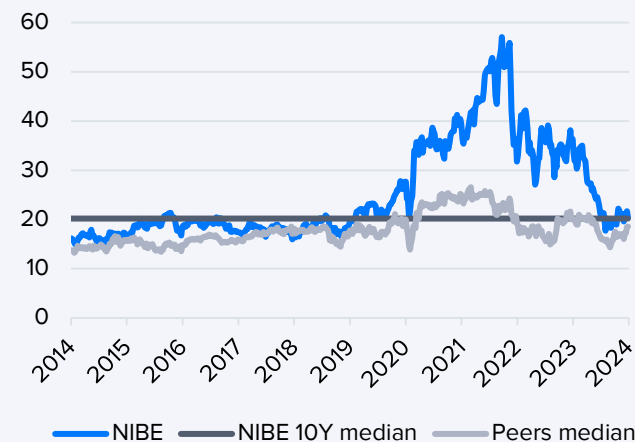
We expect investors to receive an annual dividend of about 1-2% over the next few years for the current share price. Thus, the dividend does not offer support or a baseline for expected return. Furthermore, earnings multiples are within our acceptable valuation range in medium-term, and thus we view them as quite neutral. Taking this to account, and that we expect the earnings growth to be some 6-8% (CAGR) in the coming years, the total expected return is pretty much in line with our required return in medium-term. As a result, we reiterate our Reduce recommendation with a lowered target price of SEK 56.0 SEK (prev. SEK 59.0).

Despite the current outlook, we still view NIBE as a promising long-term investment. With a track record of consistent value creation throughout its extensive history, NIBE has demonstrated success across various market scenarios. Attractive valuation signals can be found at 2026 earnings multiples (2026 P/E: 20x and EV/EBIT 16x). However, this include still very uncertain earnings improvements.

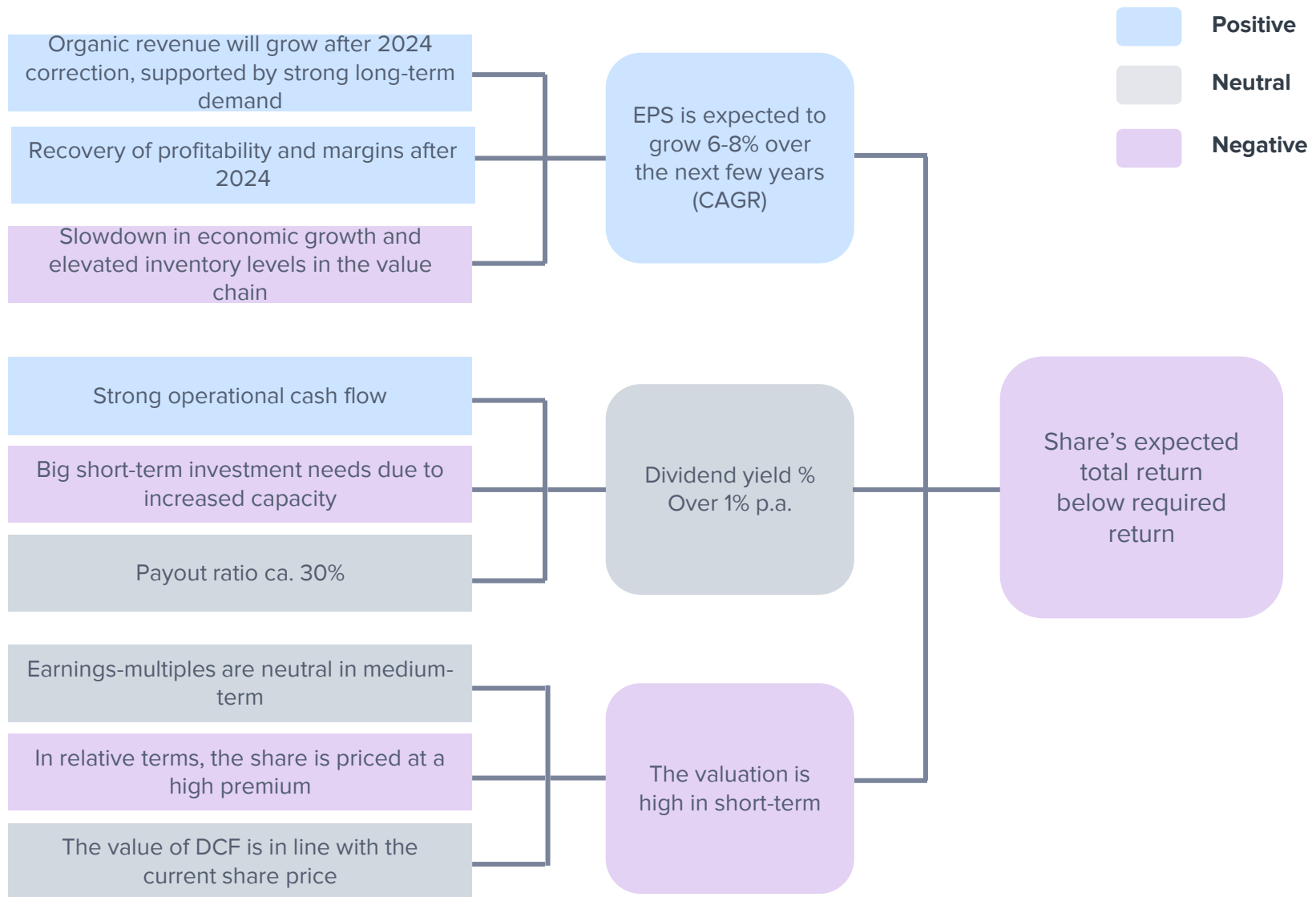
Valuation	2024e	2025e	2026e
Share price	58.4	58.4	58.4
Number of shares, millions	2,016	2,016	2,016
Market cap	117,738	117,738	117,738
EV	132,890	128,909	124,837
P/E (adj.)	26.6	23.0	20.4
P/E	33.4	23.0	20.4
P/B	4.0	3.5	3.1
P/S	2.5	2.4	2.2
EV/Sales	2.8	2.6	2.3
EV/EBITDA	18.6	13.9	12.5
EV/EBIT (adj.)	21.9	18.1	16.0
Payout ratio (%)	31.5 %	31.5 %	31.4 %
Dividend yield-%	0.9 %	1.4 %	1.5 %

Source: Inderes

## Historical trading multiples, EV/EBIT (NTM)



# TSR drivers 2023e-2026e

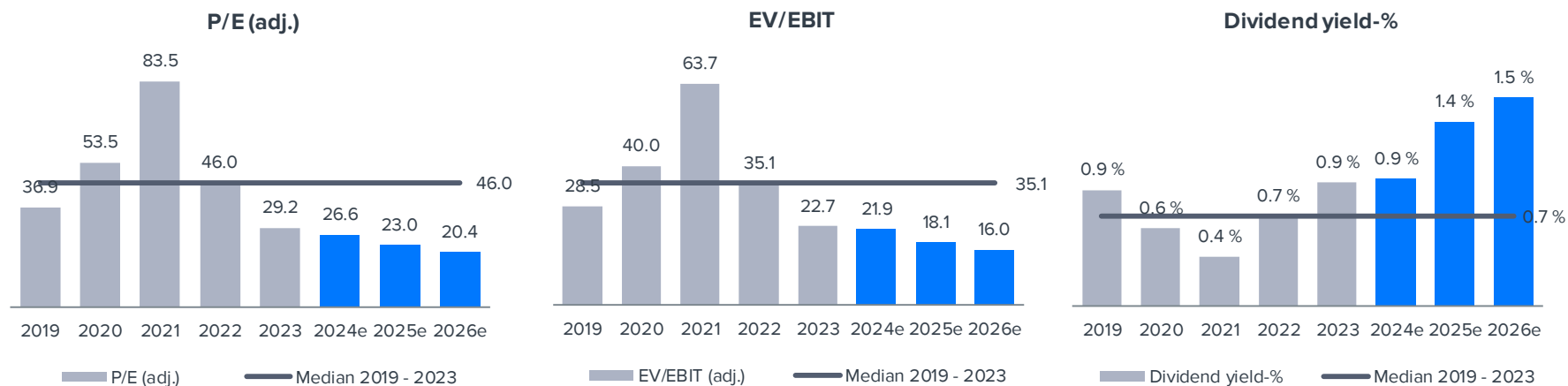




# Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	40.6	67.4	136.8	97.1	70.8	58.4	58.4	58.4	58.4
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	117,738	117,738	117,738	117,738
EV	88,114	142,293	283,549	202,352	160,174	132,890	128,909	124,837	120,720
P/E (adj.)	36.9	53.5	83.5	46.0	29.2	26.6	23.0	20.4	18.6
P/E	37.7	47.4	83.0	45.0	29.8	33.4	23.0	20.4	18.6
P/B	4.7	7.7	12.9	7.0	5.2	4.0	3.5	3.1	2.8
P/S	3.2	5.0	8.9	4.9	3.1	2.5	2.4	2.2	2.1
EV/Sales	3.5	5.2	9.2	5.0	3.4	2.8	2.6	2.3	2.1
EV/EBITDA	21.6	27.8	49.2	27.1	18.2	18.6	13.9	12.5	11.5
EV/EBIT (adj.)	28.5	40.0	63.7	35.1	22.7	21.9	18.1	16.0	14.4
Payout ratio (%)	32.5 %	27.3 %	30.4 %	30.1 %	27.4 %	31.5 %	31.5 %	31.4 %	30.0 %
Dividend yield-%	0.9 %	0.6 %	0.4 %	0.7 %	0.9 %	0.9 %	1.4 %	1.5 %	1.6 %

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	24,882	23,769	17.5	16.3	14.6	13.7	2.1	2.1	23.1	21.3	4.0	4.2	8.4
Assa Abloy	28,353	34,014	16.0	14.9	13.2	12.4	2.6	2.4	20.4	18.2	2.0	2.2	3.1
Hexagon	28,408	31,930	19.4	17.6	14.9	13.6	5.6	5.2	23.0	20.4	1.8	2.0	2.6
Beijer Ref	6,574	7,320	23.5	21.5	18.7	17.2	2.4	2.2	31.9	27.8	1.1	1.1	3.2
Tomra Systems	3,459	3,814	23.6	19.1	15.0	12.5	2.9	2.7	33.1	24.9	1.6	2.0	5.3
Thule Group	2,802	2,983	19.0	16.5	16.4	14.5	3.4	3.2	24.1	20.8	3.3	3.5	4.3
Munters Group	2,688	3,071	17.1	15.2	13.5	12.2	2.2	2.0	22.7	19.2	1.2	1.4	4.6
Trane Technologies	57,497	60,855	21.6	19.9	18.6	17.1	3.5	3.3	26.7	24.0	1.1	1.2	8.3
Carrier	45,036	49,303	13.4	12.9	11.5	11.0	2.0	2.0	19.1	17.6	1.4	1.5	4.0
Lennox International Inc	14,814	15,962	18.4	16.6	16.9	15.2	3.4	3.1	22.8	20.2	1.0	1.0	20.7
<b>NIBE Industrier B (Inderes)</b>	<b>10,328</b>	<b>11,657</b>	<b>21.9</b>	<b>18.1</b>	<b>18.6</b>	<b>13.9</b>	<b>2.8</b>	<b>2.6</b>	<b>26.6</b>	<b>23.0</b>	<b>0.9</b>	<b>1.4</b>	<b>4.0</b>
<b>Average</b>			<b>18.9</b>	<b>17.0</b>	<b>15.3</b>	<b>13.9</b>	<b>3.0</b>	<b>2.8</b>	<b>24.7</b>	<b>21.4</b>	<b>1.8</b>	<b>2.0</b>	<b>6.4</b>
<b>Median</b>			<b>18.7</b>	<b>16.5</b>	<b>14.9</b>	<b>13.7</b>	<b>2.7</b>	<b>2.6</b>	<b>23.1</b>	<b>20.6</b>	<b>1.5</b>	<b>1.8</b>	<b>4.4</b>
<b>Diff-% to median</b>			<b>17%</b>	<b>10%</b>	<b>25%</b>	<b>2%</b>	<b>3%</b>	<b>1%</b>	<b>16%</b>	<b>12%</b>	<b>-36%</b>	<b>-22%</b>	<b>-10%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
<b>Revenue</b>	<b>40,071</b>	<b>11,646</b>	<b>11,833</b>	<b>11,514</b>	<b>11,656</b>	<b>46,649</b>	<b>10,998</b>	<b>11,576</b>	<b>12,162</b>	<b>12,349</b>	<b>47,084</b>	<b>50,100</b>	<b>53,477</b>	<b>57,088</b>
Climate Solutions	26,076	7,736	8,122	7,839	7,676	31,373	7,219	7,866	8,249	8,137	31,471	33,359	35,694	38,193
Element	10,925	3,013	2,957	2,945	2,983	11,898	2,960	3,009	3,100	3,177	12,246	13,226	14,218	15,284
Stoves	4,011	1,250	1,086	1,096	1,326	4,758	1,149	1,048	1,178	1,406	4,779	5,018	5,169	5,324
Eliminations	-941	-353	-332	-366	-329	-1,380	-330	-347	-365	-370	-1,413	-1,503	-1,604	-1,713
<b>EBITDA</b>	<b>7,460</b>	<b>2,153</b>	<b>2,243</b>	<b>2,309</b>	<b>2,092</b>	<b>8,797</b>	<b>724</b>	<b>1,927</b>	<b>2,209</b>	<b>2,282</b>	<b>7,142</b>	<b>9,253</b>	<b>9,961</b>	<b>10,521</b>
Depreciation	-1,597	-398	-396	-530	-500	-1,824	-435	-485	-510	-535	-1,965	-2,143	-2,154	-2,146
<b>EBIT (excl. NRI)</b>	<b>5,764</b>	<b>1,785</b>	<b>1,827</b>	<b>1,861</b>	<b>1,596</b>	<b>7,069</b>	<b>1,189</b>	<b>1,442</b>	<b>1,699</b>	<b>1,747</b>	<b>6,077</b>	<b>7,110</b>	<b>7,807</b>	<b>8,375</b>
<b>EBIT</b>	<b>5,863</b>	<b>1,755</b>	<b>1,847</b>	<b>1,779</b>	<b>1,592</b>	<b>6,973</b>	<b>289</b>	<b>1,442</b>	<b>1,699</b>	<b>1,747</b>	<b>5,177</b>	<b>7,110</b>	<b>7,807</b>	<b>8,375</b>
Climate Solutions	4,338	1,353	1,538	1,484	1,221	5,596	7	1,156	1,394	1,375	3,933	5,538	6,032	6,493
Element	1,123	280	243	235	184	942	222	241	254	286	1,003	1,296	1,422	1,528
Stoves	551	165	101	99	168	533	115	103	112	148	477	527	620	639
Eliminations	-149	-43	-35	-39	19	-98	-55	-58	-61	-62	-235	-251	-267	-285
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	-180	-170	-160	-155	-665	-550	-425	-300
<b>PTP</b>	<b>5,675</b>	<b>1,654</b>	<b>1,701</b>	<b>1,598</b>	<b>1,378</b>	<b>6,331</b>	<b>109</b>	<b>1,272</b>	<b>1,539</b>	<b>1,612</b>	<b>4,533</b>	<b>6,581</b>	<b>7,403</b>	<b>8,096</b>
Taxes	-1,280	-380	-378	-378	-399	-1,535	-30	-279	-335	-349	-993	-1,417	-1,595	-1,744
Minority interest	-44	-4	-4	-4	1	-11	-4	-5	-5	-5	-19	-38	-38	-38
<b>Net earnings</b>	<b>4,351</b>	<b>1,270</b>	<b>1,319</b>	<b>1,216</b>	<b>980</b>	<b>4,785</b>	<b>75</b>	<b>988</b>	<b>1,200</b>	<b>1,258</b>	<b>3,520</b>	<b>5,126</b>	<b>5,771</b>	<b>6,314</b>
<b>EPS (adj.)</b>	<b>2.11</b>	<b>0.64</b>	<b>0.64</b>	<b>0.64</b>	<b>0.49</b>	<b>2.42</b>	<b>0.48</b>	<b>0.49</b>	<b>0.60</b>	<b>0.62</b>	<b>2.19</b>	<b>2.54</b>	<b>2.86</b>	<b>3.13</b>
<b>EPS (rep.)</b>	<b>2.16</b>	<b>0.63</b>	<b>0.65</b>	<b>0.60</b>	<b>0.49</b>	<b>2.37</b>	<b>0.04</b>	<b>0.49</b>	<b>0.60</b>	<b>0.62</b>	<b>1.75</b>	<b>2.54</b>	<b>2.86</b>	<b>3.13</b>

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
<b>Revenue growth-%</b>	30.0 %	33.1 %	22.5 %	15.2 %	-0.1 %	16.4 %	-5.6 %	-2.2 %	5.6 %	5.9 %	0.9 %	6.4 %	6.7 %	6.8 %
<b>Adjusted EBIT growth-%</b>	29.5 %	68.7 %	36.2 %	26.7 %	-15.8 %	22.6 %	-33.4 %	-21.1 %	-8.7 %	9.5 %	-14.0 %	17.0 %	9.8 %	7.3 %
<b>EBITDA-%</b>	18.6 %	18.5 %	19.0 %	20.1 %	17.9 %	18.9 %	6.6 %	16.6 %	18.2 %	18.5 %	15.2 %	18.5 %	18.6 %	18.4 %
<b>Adjusted EBIT-%</b>	14.4 %	15.3 %	15.4 %	16.2 %	13.7 %	15.2 %	10.8 %	12.5 %	14.0 %	14.1 %	12.9 %	14.2 %	14.6 %	14.7 %
<b>Net earnings-%</b>	10.9 %	10.9 %	11.1 %	10.6 %	8.4 %	10.3 %	0.7 %	8.5 %	9.9 %	10.2 %	7.5 %	10.2 %	10.8 %	11.1 %

Source: Inderes

# Balance sheet

Assets	2022	2023	2024e	2025e	2026e
<b>Non-current assets</b>	<b>31,842</b>	<b>43,906</b>	<b>43,996</b>	<b>43,963</b>	<b>43,974</b>
Goodwill	17,630	26,076	26,076	26,076	26,076
Intangible assets	4,938	4,938	4,953	5,017	5,106
Tangible assets	8,273	11,568	11,643	11,547	11,468
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
<b>Current assets</b>	<b>22,152</b>	<b>24,198</b>	<b>22,365</b>	<b>26,303</b>	<b>27,541</b>
Inventories	10,191	13,227	10,123	10,271	10,428
Other current assets	0	0	0	0	0
Receivables	7,144	6,688	8,004	8,517	9,091
Cash and equivalents	4,817	4,283	4,238	7,515	8,022
<b>Balance sheet total</b>	<b>53,994</b>	<b>68,104</b>	<b>66,361</b>	<b>70,266</b>	<b>71,514</b>

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
<b>Equity</b>	<b>27,973</b>	<b>27,420</b>	<b>29,630</b>	<b>33,647</b>	<b>37,805</b>
Share capital	79	79	79	79	79
Retained earnings	19,286	22,760	24,970	28,987	33,145
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
<b>Non-current liabilities</b>	<b>12,268</b>	<b>25,119</b>	<b>23,164</b>	<b>20,980</b>	<b>18,850</b>
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	14,967	12,783	10,653
Convertibles	0	0	0	0	0
Other long term liabilities	3,296	5,410	5,410	5,410	5,410
<b>Current liabilities</b>	<b>13,753</b>	<b>15,565</b>	<b>13,567</b>	<b>15,639</b>	<b>14,860</b>
Interest bearing debt	4,958	4,599	4,621	6,120	4,699
Payables	8,795	10,966	8,946	9,519	10,161
Other current liabilities	0	0	0	0	0
<b>Balance sheet total</b>	<b>53,994</b>	<b>68,104</b>	<b>66,361</b>	<b>70,266</b>	<b>71,514</b>

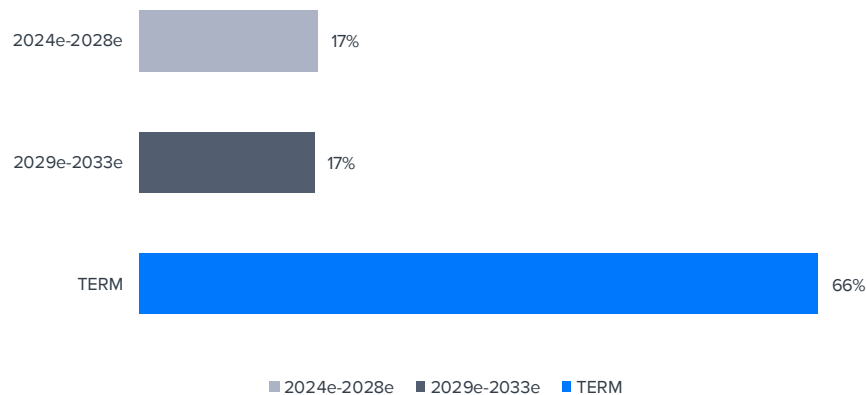
# DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	16.4 %	0.9 %	6.4 %	6.7 %	6.8 %	6.0 %	5.8 %	5.2 %	4.5 %	4.5 %	2.5 %	2.5 %
EBIT-%	14.9 %	11.0 %	14.2 %	14.6 %	14.7 %	15.3 %	15.3 %	15.3 %	15.2 %	15.2 %	15.2 %	15.2 %
<b>EBIT (operating profit)</b>	<b>6,973</b>	<b>5,177</b>	<b>7,110</b>	<b>7,807</b>	<b>8,375</b>	<b>9,259</b>	<b>9,796</b>	<b>10,305</b>	<b>10,698</b>	<b>11,180</b>	<b>11,459</b>	
+ Depreciation	1,824	1,965	2,143	2,154	2,146	2,141	2,136	2,159	2,154	2,155	2,034	
- Paid taxes	-1,535	-993	-1,417	-1,595	-1,744	-1,962	-2,094	-2,204	-2,289	-2,393	-2,462	
- Tax, financial expenses	-156	-146	-119	-92	-65	-38	-22	-22	-22	-22	-13	
+ Tax, financial income	0	0	0	0	0	0	0	0	0	0	0	
- Change in working capital	-409	-232	-87	-90	-347	-280	-259	-533	-485	-507	-294	
<b>Operating cash flow</b>	<b>6,697</b>	<b>5,770</b>	<b>7,630</b>	<b>8,185</b>	<b>8,366</b>	<b>9,120</b>	<b>9,557</b>	<b>9,706</b>	<b>10,057</b>	<b>10,413</b>	<b>10,724</b>	
+ 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	-2,005	
<b>Free operating cash flow</b>	<b>-4,754</b>	<b>3,715</b>	<b>5,520</b>	<b>6,020</b>	<b>6,171</b>	<b>6,905</b>	<b>7,317</b>	<b>7,446</b>	<b>7,777</b>	<b>8,133</b>	<b>8,719</b>	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	-4,754	3,715	5,520	6,020	6,171	6,905	7,317	7,446	7,777	8,133	8,719	176,786
<b>Discounted FCFF</b>		<b>3,488</b>	<b>4,818</b>	<b>4,885</b>	<b>4,656</b>	<b>4,844</b>	<b>4,772</b>	<b>4,515</b>	<b>4,385</b>	<b>4,264</b>	<b>4,249</b>	<b>86,164</b>
Sum of FCFF present value		131,039	127,552	122,734	117,848	113,193	108,349	103,576	99,061	94,677	90,413	86,164
<b>Enterprise value DCF</b>		<b>131,039</b>										
- Interest bearing debt		-21,521										
+ Cash and cash equivalents		4,283										
-Minorities		-151										
-Dividend/capital return		0										
<b>Equity value DCF</b>		<b>114,000</b>										
<b>Equity value DCF per share</b>		<b>56.5</b>										

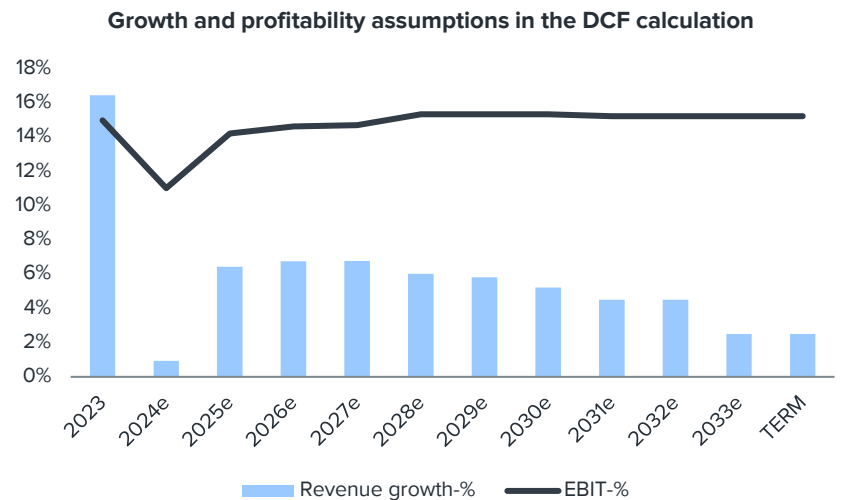
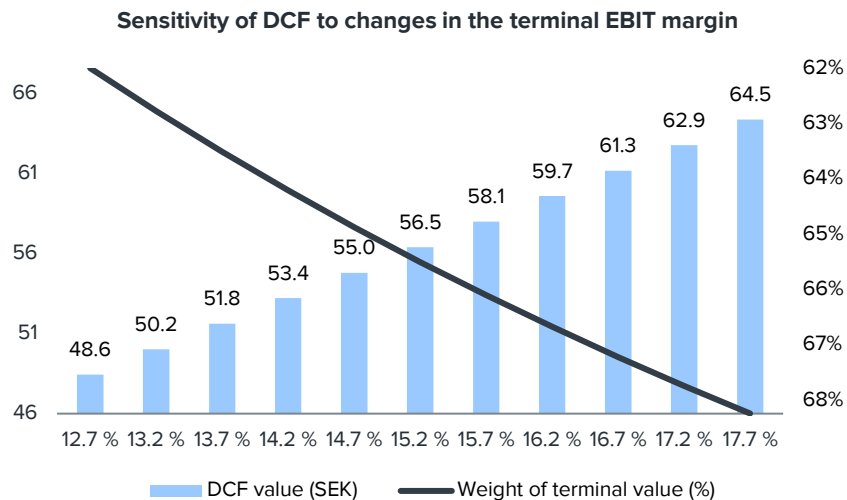
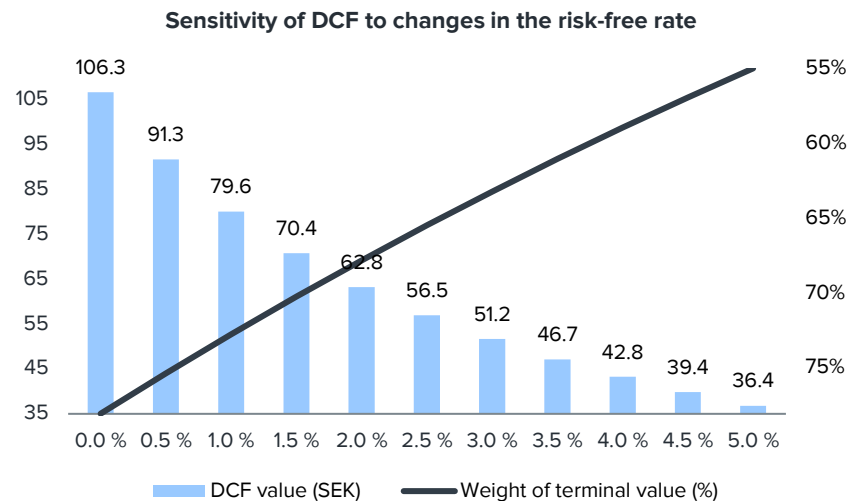
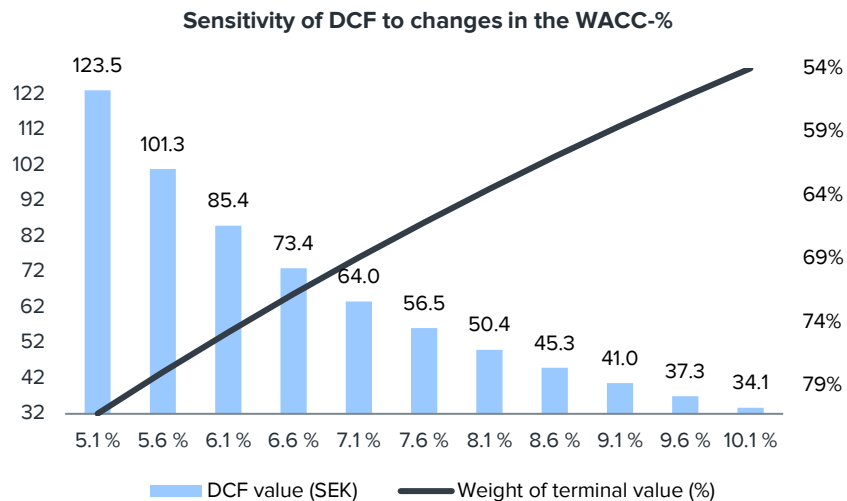
WACC	
Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E))	15.0 %
Cost of debt	5.0 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>8.2 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>7.6 %</b>

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	<b>47,084</b>	<b>50,100</b>	EPS (reported)	1.65	2.16	2.37	<b>1.75</b>	<b>2.54</b>
EBITDA	5,765	7,460	8,797	<b>7,142</b>	<b>9,253</b>	EPS (adj.)	1.64	2.11	2.42	<b>2.19</b>	<b>2.54</b>
EBIT	4,468	5,863	6,973	<b>5,177</b>	<b>7,110</b>	OCF / share	1.48	1.48	3.32	<b>2.86</b>	<b>3.78</b>
PTP	4,318	5,675	6,331	<b>4,533</b>	<b>6,581</b>	FCF / share	-0.13	-1.34	-2.36	<b>1.84</b>	<b>2.74</b>
Net Income	3,320	4,351	4,785	<b>3,520</b>	<b>5,126</b>	Book value / share	10.63	13.86	13.58	<b>14.68</b>	<b>16.67</b>
Extraordinary items	17	99	-96	<b>-900</b>	<b>0</b>	Dividend / share	0.50	0.65	0.65	<b>0.55</b>	<b>0.80</b>
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	43,394	53,994	68,104	<b>66,361</b>	<b>70,266</b>	Revenue growth-%	14%	30%	16%	<b>1%</b>	<b>6%</b>
Equity capital	21,657	27,973	27,420	<b>29,630</b>	<b>33,647</b>	EBITDA growth-%	13%	29%	18%	<b>-19%</b>	<b>30%</b>
Goodwill	15,453	17,630	26,076	<b>26,076</b>	<b>26,076</b>	EBIT (adj.) growth-%	25%	29%	23%	<b>-14%</b>	<b>17%</b>
Net debt	5,036	6,326	17,238	<b>15,350</b>	<b>11,388</b>	EPS (adj.) growth-%	30%	29%	15%	<b>-9%</b>	<b>16%</b>
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	18.7 %	18.6 %	18.9 %	<b>15.2 %</b>	<b>18.5 %</b>
EBITDA	5,765	7,460	8,797	<b>7,142</b>	<b>9,253</b>	EBIT (adj.)-%	14.4 %	14.4 %	15.2 %	<b>12.9 %</b>	<b>14.2 %</b>
Change in working capital	-1,862	-3,180	-409	<b>-232</b>	<b>-87</b>	EBIT-%	14.5 %	14.6 %	14.9 %	<b>11.0 %</b>	<b>14.2 %</b>
Operating cash flow	2,984	2,994	6,697	<b>5,770</b>	<b>7,630</b>	ROE-%	17.0 %	17.6 %	17.3 %	<b>12.4 %</b>	<b>16.2 %</b>
CAPEX	-3,515	-5,983	-13,565	<b>-2,055</b>	<b>-2,110</b>	ROI-%	15.1 %	16.7 %	15.8 %	<b>10.6 %</b>	<b>14.0 %</b>
Free cash flow	-257	-2,696	-4,754	<b>3,715</b>	<b>5,520</b>	Equity ratio	49.9 %	51.8 %	40.3 %	<b>44.6 %</b>	<b>47.9 %</b>
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	23.3 %	22.6 %	62.9 %	<b>51.8 %</b>	<b>33.8 %</b>
EV/S	9.2	5.0	3.4	<b>2.8</b>	<b>2.6</b>						
EV/EBITDA (adj.)	49.2	27.1	18.2	<b>18.6</b>	<b>13.9</b>						
EV/EBIT (adj.)	63.7	35.1	22.7	<b>21.9</b>	<b>18.1</b>						
P/E (adj.)	83.5	46.0	29.2	<b>26.6</b>	<b>23.0</b>						
P/B	12.9	7.0	5.2	<b>4.0</b>	<b>3.5</b>						
Dividend-%	0.4 %	0.7 %	0.9 %	<b>0.9 %</b>	<b>1.4 %</b>						

Source: Inderes

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Buy                      The 12-month risk-adjusted expected shareholder

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

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

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





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