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Corporate Research

Inderes

The SEB logo consists of the letters 'SEB' in white, bold, sans-serif font, centered within a solid green square.

Q3: Broadly in-line headlines; market weakness visible in the project business

Inderes reported sales broadly in line with our estimate and the EBITA came in some EUR 0.1m below our estimate. The organic growth was broadly flat during the quarter as the continued healthy performance in the recurring business (number of commissioned research up 8% y/y) was offset by weakening market momentum on the project business side. The company repeated its guidance for the full year, which in our view is reachable, but has no room for weakening performance.

Outcome: Sales in line, minor miss in EBITA

Inderes reported Q3 sales of EUR 3.7m, inline (-0.7%) with our estimate of EUR 3.8m. Sales increased y/y by 23% driven by the Swedish acquisitions. Swedish operation sales were some EUR 0.7m, inline with our estimate. The organic sales were in line with previous year level. Given that the commissioned research agreements increased to 143 (SEB est. 143 agreements), up 8% y/y, we conclude that the business outside

commissioned research business has been in modest decline. Inderes flags that it has been able to increase the number of listed company clients (which was up to 426 vs. previous quarter level of 403) thanks to the expansion in the product portfolio. However, the company notes that the project revenue has shown weakness in Finland since summer due to customers cautiousness in the current macro situation. This has been especially visible in the event business outside the investor relates events. The quarter's EBITA came in at EUR 0.7m, marginally (EUR -0.1m) our estimate of EUR 0.8m. The fixed costs came in broadly in line and hence the minor miss in EBITA owes to the small miss in sales.

Inderes Q3 deviation

EURm	Q3/23		Deviation SEB		Q3/22		Q2/23	
	Actual	SEB	Abs	Rel (%)	Actual	y/y (%)	Actual	q/q (%)
Net sales	3.7	3.8	0.0	-0.7	3.0	23.2	4.3	-12.6
Materials and services	-0.6	-0.5	-0.1	-20.1	-0.4	-46.8	-0.7	3.9
Gross profit	3.1	3.2	-0.1	-4.1	2.6	19.3	3.6	-14.2
Personnel expenses	-1.7	-1.8	0.0	1.1	-1.4	-20.5	-2.6	32.3
Other operating costs	-0.6	-0.6	0.0	-3.1	-0.5	-27.5	-0.8	17.5
EBITA	0.7	0.8	-0.1	-16.3	0.6	10.2	0.3	174.5
EBITA adjusted	0.7	0.8	-0.13	-16.3	0.6	10.2	0.3	174.5
EBIT reported	0.4	0.6	-0.1	-23.8	0.5	-20.6	0.0	4866.7
Adj. EBITA margin	18.4%	21.8%		-3.4pp	20.6%	-2.2pp	5.9%	12.5pp
No. of commissioned	143	143	0.0	0.0	119.0	20.2	142.0	0.7

Source: SEB

Outlook: Guidance unchanged

Inderes repeated its guidance and expects sales in 2023 to be above EUR 17m and adj. EBITA margin to improve from the 2022 level of 9.4%. Our FY23 sales estimate stands at EUR 17.6m, i.e., 4% above the guidance limit. We had expected EBITA margin to improve to 13%.

Conference call details: Starts at 9:30

Conference call starts at 9:30 Finnish time and can be followed at <https://inderes.videosync.fi/q3-2023-result>.

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