

Construction

Key data

Price (EUR)	7.84
Country	Finland
Bloomberg	KREATE.FH
Reuters	KREATE.HE
Free float	100.0%
Market cap (EURm)	70
Net debt (current Y/E) (EURm)	27
No. of shares (m)	8.9
Next event	Q2: 16-Jul

\* Price as at close on 25 April 2024

CEO	Timo Vikström
CFO	Mikko Laine

Company description

Kreate is an infrastructure construction company with a service offering in structural engineering and traffic routes. Kreate specialises in complex projects in challenging environments, for example construction in areas with existing buildings, infrastructure, people and traffic as well as projects that require minimising disruptions to surrounding buildings and traffic. Kreate primarily acts as a contractor in the project execution phase, but is also increasingly involved in the planning phase.

Ownership structure

Harjavalta Oy	19.9%
Tirinom Oy	11.1%
Ilmarinen	4.7%
Valtonen Seppo	4.6%
Varma	4.0%

Source: Company data (31 March 2024)

Estimate changes

	24E	25E	26E
Sales	-1.2%	-1.8%	-1.8%
EBITDA	-2.8%	-1.3%	-1.5%
EBIT (adj.)	-4.6%	-1.9%	-1.9%
EPS (adj.)	n.m.	n.m.	n.m.

Source: Danske Bank Equity Research estimates

Analyst(s)

Mika Karppinen

Find our research here:

<https://research.danskebank.com>

Important disclosures and certifications are contained from page 10 of this report

# Kreate Group

## Margin improvement continued

**Kreate managed to continue its margin improvement trend in Q1 after a clearly weaker development in recent years. Sales volumes weakened as expected due to the lower order backlog, but the strong tendering activity should turn the volume trends during H2, we believe. The share is valued at a widened discount to peers. We reiterate our fair value range of EUR 8.0-9.4.**

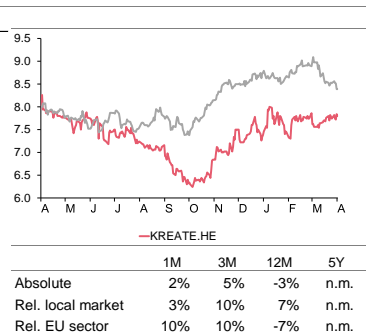
- **Impact on the investment case.** Kreate's Q1 report continued to show positive signs of margin improvement, which started in Q4 23, in a seasonally low quarter. In our view the weakened margins have been burdening the case over the past two years. Good operational performance, the completion of older problem projects combined with stabilised inflation supported margins during Q1. The weaker market conditions, delays in bigger project starts and lower order backlog in 2023 burdened sales volumes in Q1 but the very good tendering activity in all Kreate's business areas is promising for the order inflow development in H2 2024. We believe that bigger railway project announcements, for example, can be expected in H2 24, acting as a possible trigger for the share. On the negative side, possible delays in the bigger project starts can cause some volatility to the performance in the short term.
- **Financial targets updated.** Kreate also updated its financial targets. New targets continue to include a quite hefty growth ambition (5-10%) but the focus will be on improving profitability (over 5% EBITA-margin), which in our view is a very appreciated target after the weak margin development in recent years.
- **Estimate changes.** We lower our EBITA estimates for 2024-26 by 4%, 2% and 2%, respectively.
- **Valuation.** Kreate is trading at EV/EBITA 2024E multiple of 10x, which implies a 28% discount to the peer group.

### Key financials

Year-end Dec (EUR)	2022	2023	2024E	2025E	2026E
Revenues (m)	274	320	286	291	303
Revenues growth	15.3%	16.9%	-10.5%	1.6%	4.0%
EBITDA (m)	13.7	14.0	14.1	16.4	17.4
EBIT adj. (m)	8.0	7.0	8.2	10.4	11.4
EBIT growth	-17.4%	-12.5%	17.8%	26.1%	9.8%
Pre-tax profit (m)	6.6	4.7	6.5	9.1	10.2
EPS adj.	0.62	0.44	0.61	0.84	0.92
DPS	0.46	0.48	0.48	0.52	0.55
Dividend yield	5.7%	6.6%	6.2%	6.6%	7.0%
FCFE yield (pre-IFRS16)	-5.6%	35.4%	-7.6%	9.8%	10.1%
EBIT margin (adj.)	2.9%	2.2%	2.9%	3.6%	3.8%
Net debt/EBITDA (x)	2.5	1.2	2.0	1.6	1.4
ROIC	9.3%	8.3%	10.1%	11.6%	12.5%
EV/sales (x)	0.3	0.2	0.3	0.3	0.3
EV/EBITDA (adj.) (x)	7.3	5.3	6.4	5.3	4.9
EV/EBITA (adj.) (x)	11.6	9.6	10.0	7.8	7.1
EV/EBIT (adj.) (x)	11.9	10.1	10.4	8.0	7.1
P/E (adj.) (x)	13.1	16.4	12.8	9.4	8.5

Source: Company data, Danske Bank Equity Research estimates

### Price performance



Source: FactSet

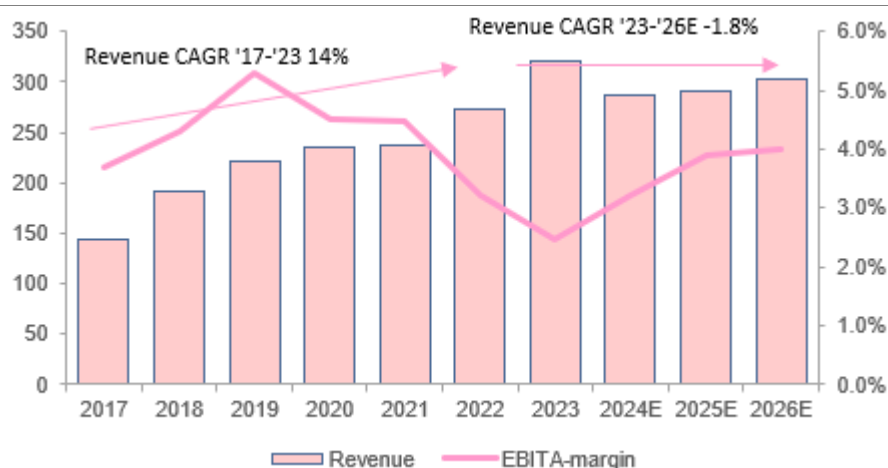
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## Investment case

Kreate is an infrastructure construction company in the Finnish market, specialising in complex projects in challenging environments, requiring special competence in infrastructure construction. Kreate is the number four player in the Finnish infrastructure construction market, with a strong track record of growth and decent profitability. It reported 2017-23 revenue CAGR of 14% with an average EBITA margin of 4%, driven by successful execution of projects. Kreate's financial targets include sales growth of 5-10%, EBITA-margin of over 5%, net debt / EBITDA < 2.5x and over 50% of net earnings as dividends.

Chart 1. Kreate revenue (EURm) and EBITA-margin development



Source: Company data, Danske Bank Equity Research estimates

Table 1. Kreate estimates

EURm	Danske estimates											
	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24E	Q3 24E	Q4 24E	2023	2024E	2025E	2026E
Sales	65.8	85.7	88.3	80.2	54.4	75.0	80.0	77.0	320.0	286.4	291.1	302.8
EBITDA	1.0	4.0	4.0	4.9	1.6	4.0	4.4	4.1	14.0	14.1	16.4	17.4
EBITA	-0.4	2.6	2.9	2.7	0.3	2.8	3.2	2.9	7.9	9.2	11.4	12.1
EBIT	-0.4	2.5	2.8	2.6	0.2	2.7	3.1	2.9	7.6	8.9	11.1	12.1
EBITA margin	-0.7%	3.0%	3.3%	3.4%	0.5%	3.7%	4.0%	3.8%	2.5%	3.2%	3.9%	4.0%
EBIT margin	-0.7%	2.9%	3.2%	3.3%	0.4%	3.6%	3.9%	3.7%	2.4%	3.1%	3.8%	4.0%
PTP	-0.9	1.9	1.7	1.9	-0.6	2.1	2.6	2.4	4.7	6.5	9.1	10.2
Net profit	-0.7	1.5	1.4	1.6	-0.5	1.8	2.1	2.0	3.9	5.4	7.4	8.2
EPS	-0.08	0.17	0.16	0.18	-0.06	0.20	0.24	0.23	0.44	0.61	0.84	0.92
DPS									0.48	0.48	0.52	0.55

Source: Company data, Danske Bank Equity Research estimates

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The Finnish infrastructure construction market, worth slightly less than EUR7bn in 2023 according to Kreate, has historically been quite resilient – 2008-23 CAGR of 1.2%, with limited correlation to GDP growth. The overall market outlook for the coming years is slightly negative. The market is supported by the Finnish state’s 12-year plan for transport infrastructure, which started in 2021. However, the recently increased uncertainty in the markets after the COVID-19 pandemic, the Finnish state’s budget cuts, weakening municipality finances, and the private sector’s cautiousness, are limiting investment in the short term. Kreate operates in segments with an addressable market of around EUR5bn, which are poised to benefit from structural drivers, such as urbanisation and a large renovation backlog. For example, the rail construction part of the market, in which Kreate has been strongly investing in recent years, looks set to perform well in the long term, driven by efforts to improve public transportation, even though in the short term there have been delays in this segment.

**Competitive advantage in complex projects with satisfied customers**

Kreate is a medium-sized company with a broad offering in infrastructure construction. Kreate believes that it has a key competitive advantage in complex urban projects, which require expertise in multiple disciplines. According to the company, Kreate is the market leader (by revenue share) in two of five disciplines – foundations and ground engineering, and bridges. Within the disciplines of rock engineering, and roads and streets, Kreate is number two to three, and in railways Kreate is a challenger with a position of number three to five. According to Kreate, the company’s customer satisfaction is high, driven by successful execution of previous projects. The customer base is diverse, with 58% of revenues from the public sector, of which 69% arise from the Finnish state.

*Q1 24 results review*

Kreate’s Q1 sales declined 17% to EUR59.6m (-9% to consensus) with EBITA of EUR0.3m (-60% to consensus, EUR0.8m). The EBITA-margin was 0.6% versus -0.7% a year ago and consensus of 1.0% in a seasonally low quarter. The good thing was that the margin improvement continued in Q1, even though the improvement was slightly smaller than expected. It seems that the margin improvement was supported by the easing cost inflation and completion of underperforming older projects in which index clauses have not been in use. Order inflow development was weak as expected; the order book came in at EUR184m versus EUR196m in Q4 23 and EUR266m a year ago of which EUR141m (EUR160m a year ago) will be booked in 2024.

Kreate’s cash flow totalled EUR-3.1m versus EUR-3.3m a year ago. Kreate’s cash flow is normally negative in the seasonally low Q1. NWC of EUR-7m was still at a very good level.

*Table 2. Kreate Q1 estimates*

EURm	Reported Q1/'24	Danske Bank Q1 24E	Dev.	Consensus (Factset)	Dev.	Actual Q1/'23	Change y/y
Sales	54.4	60.0	-9%	59.6	-9%	65.8	-17%
EBITA	0.3	0.5	-39%	0.8	-60%	-0.4	
EBIT	0.2	0.4	-50%	0.6	-67%	-0.4	-145%
EBITA margin	0.6%	0.8%		1.3%		-0.7%	1p.p
EBIT margin	0.4%	0.7%		1.0%		-0.7%	1p.p
PTP	-0.6	-0.1		0.1		-0.9	
Net profit	-0.6	-0.1		0.1		-0.7	
EPS	-0.06	-0.01		0.01		-0.08	

*Source: Company data, FactSet, Danske Bank Equity Research (DBER) estimates*

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Chart 2. Kreate EBITA-margin development quarterly



Source: Company data, Danske Bank Equity Research estimates

### Outlook and financial targets update

Guidance was reiterated; for 2024 Kreate is guiding revenues of EUR270-300m with EBITA in the range of EUR8-11m.

Infra market volume is expected to decrease by 2% in 2024. In the conference call management was confident that the order inflow development will start to improve during H2 when certain bigger projects are expected to start progressing. According to the CEO the tendering activity is at a good level in all Kreate's business areas.

We have lowered our EBITA estimates for 2024-26 by 4%, 2% and 2%, respectively.

Kreate also launched new financial targets, sales growth 5-10% (old target over EUR300m), EBITA margin over 5%, net debt / EBITDA < 2.5 (old <2) and over 50% of net earnings as dividends. The focus will be on improving profitability, which in our view is a very appreciated target after the weak margin development in recent years, even though the targets include quite aggressive growth ambitions. Our estimates for both sales growth and margins are still below the company's targets as we do want to see more evidence of especially margin improvement before turning even more positive with our estimates.

### Valuation

We reiterate our fair value range of EUR8.0-9.4 for Kreate's share. The mid-point implies 10.9x 2024E EV/EBITA, which is slightly above the historical forward EV/EBITA multiple for the peer group. The multiple would also imply a 20% discount to the peer group's EV/EBITA multiples for 2024-26. In our view a discount valuation to peers is justified due to the smaller size and higher expected earnings leverage in the peer company cases. Currently the share is trading at an EV/EBITA 2024E multiple of 10x, 28% discount to the peer group. The valuation discount to peers has clearly widened recently, as the share prices in many peer companies have started to recover on expectations of gradually recovering building construction. During the past years, Kreate's share price has been holding up much better due to exposure to more stable infra construction, we believe.

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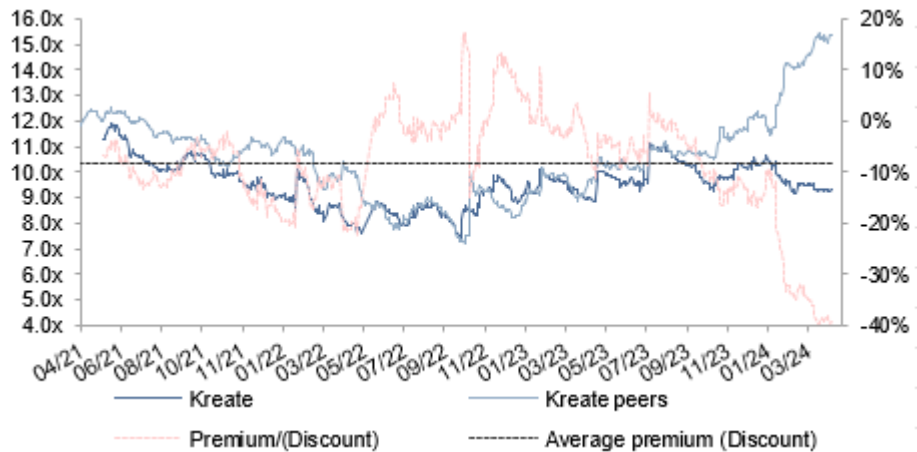
Table 3. Peer group valuation

Company	Ticker	Mkt cap EURm	Price (lcl ccy)	EV/Sales			EV/EBITA			P/E			Div. yield	FCF yield
				2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2024
AF Gruppen	AFG-NO	1,251	137.0	0.6	0.5	0.5	11.8	10.6	9.9	16.2	14.7	13.8	6.0	7.3
Bonava	BONAV.B-SE	272	9.9	1.0	1.4	0.9	26.8	45.4	13.7	n.a.	n.a.	25.7	0.0	17.5
Consti	CONSTI-FI	76	9.5	0.2	0.2	0.2	7.0	6.0	5.4	9.5	7.9	7.0	6.9	8.2
JM	JM-SE	1,005	181.7	2.4	2.3	2.0	44.4	33.6	23.5	29.1	19.3	13.3	2.7	16.6
Lehto Group	LEHTO-FI	3	0.0	76.4	76.4	76.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.0	n.a.
NCC	NCC.B-SE	1,120	131.7	0.3	0.3	0.3	9.7	9.5	9.2	9.2	9.1	8.7	5.9	11.5
NRC Group	NRC-NO	75	12.3	0.3	0.3	0.2	12.0	8.4	6.9	16.2	8.1	5.8	0.7	24.3
Peab	PEAB.B-SE	1,608	63.7	0.6	0.6	0.6	17.5	15.6	13.8	13.8	12.0	10.5	3.4	12.8
Selvaag Bolig	SBO-NO	271	34.3	2.1	1.8	1.5	18.9	18.6	14.8	16.5	17.5	14.1	5.0	5.4
Skanska	SKA.B-SE	6,840	190.5	0.4	0.4	0.4	10.7	9.6	9.2	13.0	11.5	10.9	3.9	7.0
SRV	SRV1V-FI	82	4.8	0.3	0.3	0.3	15.6	10.4	7.7	27.4	8.3	4.7	0.6	1.7
Veidekke	VEI-NO	1,290	112.6	0.3	0.3	0.3	8.9	8.6	8.2	13.4	12.9	12.3	7.3	12.0
YIT	YIT-FI	418	1.8	0.7	0.7	0.6	33.9	21.5	15.0	n.a.	35.3	11.5	0.2	41.4
<b>Median</b>				<b>0.6</b>	<b>0.5</b>	<b>0.5</b>	<b>13.8</b>	<b>10.5</b>	<b>9.5</b>	<b>15.0</b>	<b>12.0</b>	<b>11.2</b>	<b>3.4</b>	<b>11.7</b>
<b>Kreate by DBER</b>	<b>KREATE-FI</b>	<b>64</b>	<b>7.82</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>10.0</b>	<b>7.8</b>	<b>7.1</b>	<b>12.8</b>	<b>9.3</b>	<b>8.5</b>	<b>5.9</b>	<b>5.9</b>

Prices as at 12:30 EET on 25 April 2024

Source: FactSet, Danske Bank Equity Research estimates

Chart 3. Kreate forward EV/EBITA versus peers



Prices as at 12:30 EET on 25 April 2024

Source: FactSet, Danske Bank Equity Research (DBER) estimates

### Key risks

We consider the governance of operational project management a key risk for Kreate in low-margin infrastructure construction. While Kreate has a good track record of generating quite good margins, margins are currently at a low level, and therefore history is no guarantee for the future. We find the following factors mitigating the typical project risk.

- In infrastructure markets, costs from changes / surprises are typically borne by the customer.
- Contract prices are typically fixed, but the customer is responsible for designs and risk related to quantities.
- The infrastructure contractor usually has independent responsibilities.
  - The infrastructure contractor is usually a sole provider in a work phase, whereas in building construction there can be several contractors working in overlapping phases.
  - The infrastructure contractor works more independently and with fewer dependencies on others, compared with building construction.
- Thorough risk assessment and pricing of risks.

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- Incentives aligned with responsibility for project profitability is a key parameter.
- Transparent and frequent monitoring in a lean organisation.
- Heavily increasing construction costs can cause fluctuation in margins.
- In infrastructure construction, the lead times between the signing and the start of the project are usually shorter than in building construction, enabling the company to hedge its sourcing volumes better.

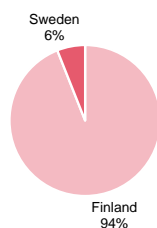
Key personnel leaving the company poses a risk for continuity. The operational competence is held by project directors, project managers, tender calculators, and everyday worksite management. We believe the high level of employee ownership and incentive culture could mitigate the risk.

A high share of public sector revenue may cause a risk if public finances were to deteriorate significantly. However, the public sector is usually viewed as a mitigating factor for risk levels. In times of economic downturn, governments usually stimulate the economy through monetary and fiscal policy.

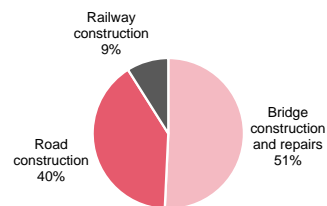
Kreate is exposed to the construction cycle, even though cyclicity is more limited in infrastructure construction than in building construction. The competitive landscape is naturally always tight, but in the most demanding projects requiring special expertise, competition has remained more moderate.

## Company summary

### Sales breakdown by geographical area



### Sales breakdown by division



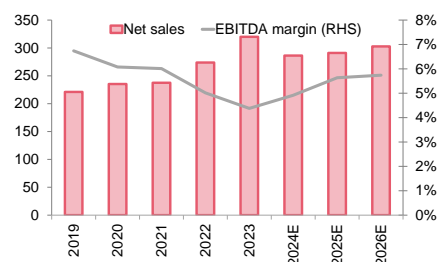
### Company information

Kreate Group  
Haarakaari 42, 04360 Tuusula  
Finland  
www.kreate.fi

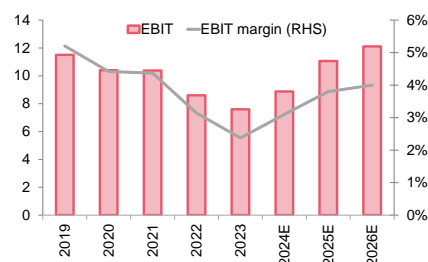
### Main shareholders

Name	Votes (%)	Capital (%)
Harjavalta Oy	19.9%	19.9%
Tiinom Oy	11.1%	11.1%
Ilmarinen	4.7%	4.7%
Valtonen Seppo	4.6%	4.6%
Varma	4.0%	4.0%

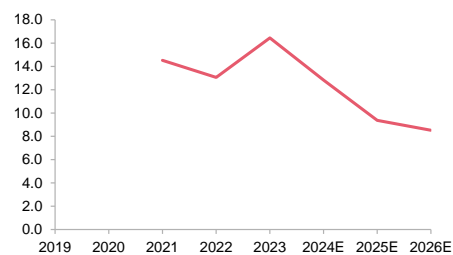
### Net sales and EBITDA margin (EURm)



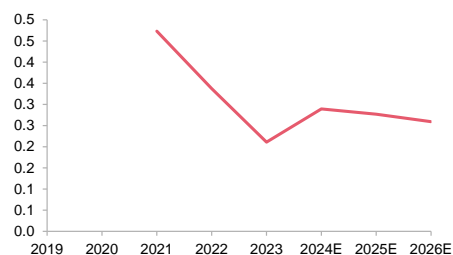
### EBIT and EBIT margin (EURm)



### P/E NTM (x)



### EV/sales NTM (x)



Source: FactSet, Company data, Danske Bank Equity Research estimates

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Summary tables

INCOME STATEMENT

Year end Dec, EURm	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Net sales	144	192	221	235	238	274	320	286	291	303
Cost of sales & operating costs	-136	-182	-206	-221	-223	-260	-306	-272	-275	-285
<b>EBITDA</b>	<b>7.5</b>	<b>10.7</b>	<b>14.9</b>	<b>14.3</b>	<b>14.3</b>	<b>13.7</b>	<b>14.0</b>	<b>14.1</b>	<b>16.4</b>	<b>17.4</b>
EBITDA, adj.	7.2	9.2	13.9	13.1	13.6	13.1	13.4	13.5	15.7	16.7
Depreciation	-2.2	-2.4	-3.2	-3.7	-3.7	-5.0	-6.1	-4.9	-5.0	-5.3
<b>EBITA</b>	<b>5.3</b>	<b>8.3</b>	<b>11.7</b>	<b>10.6</b>	<b>10.6</b>	<b>8.8</b>	<b>7.9</b>	<b>9.2</b>	<b>11.4</b>	<b>12.1</b>
<b>EBIT incl. EO, bef. ass.</b>	<b>4.5</b>	<b>7.7</b>	<b>11.5</b>	<b>10.4</b>	<b>10.4</b>	<b>8.6</b>	<b>7.6</b>	<b>8.9</b>	<b>11.1</b>	<b>12.1</b>
EBIT, adj.	4.2	6.2	10.5	9.2	9.7	8.0	7.0	8.2	10.4	11.4
Financial items, net	-2.9	-3.0	-1.2	-1.1	-2.1	-2.0	-2.9	-2.4	-2.0	-1.9
<b>Pre-tax profit</b>	<b>1.6</b>	<b>4.7</b>	<b>10.3</b>	<b>9.3</b>	<b>8.3</b>	<b>6.6</b>	<b>4.7</b>	<b>6.5</b>	<b>9.1</b>	<b>10.2</b>
Taxes	-0.6	-0.9	-1.6	-1.5	-1.3	-1.1	-0.8	-1.0	-1.6	-2.0
<b>Net profit, rep.</b>	<b>1.0</b>	<b>3.8</b>	<b>8.7</b>	<b>7.8</b>	<b>7.0</b>	<b>5.5</b>	<b>3.9</b>	<b>5.4</b>	<b>7.4</b>	<b>8.2</b>
Net profit, adj.	1.0	3.8	8.7	7.8	7.9	5.5	3.9	5.4	7.4	8.2

CASH FLOW

EURm	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
EBITDA	7.5	10.7	14.9	14.3	14.3	13.7	14.0	14.1	16.4	17.4
Change in working capital	11.5	-1.9	5.6	1.6	-4.5	-5.1	17.1	-9.7	0.0	0.1
Net interest paid	0.0	-0.1	-0.2	-0.3	-1.4	-1.9	-2.9	-2.4	-2.0	-1.9
Taxes paid	0.3	-1.0	-1.0	-1.3	-2.1	-1.1	-0.7	-1.0	-1.6	-2.0
Other operating cash items	-0.7	-0.1	0.0	-0.4	-0.2	0.7	2.4			
<b>Cash flow from operations</b>	<b>18.5</b>	<b>6.2</b>	<b>18.3</b>	<b>13.2</b>	<b>5.4</b>	<b>6.0</b>	<b>29.6</b>	<b>0.6</b>	<b>12.5</b>	<b>13.2</b>
Capex	-2.0	-3.7	-5.0	-4.6	-5.6	-4.6	-6.9	-5.9	-5.7	-6.2
Div to min										
<b>Free cash flow</b>	<b>16.5</b>	<b>2.5</b>	<b>13.3</b>	<b>8.6</b>	<b>-0.2</b>	<b>1.4</b>	<b>22.7</b>	<b>-5.3</b>	<b>6.8</b>	<b>7.0</b>
Disposals/(acquisitions)	-13.4	-0.9	1.3		0.6	-5.5				
<b>Free cash flow to equity</b>	<b>3.1</b>	<b>1.6</b>	<b>14.6</b>	<b>8.6</b>	<b>0.4</b>	<b>-4.1</b>	<b>22.7</b>	<b>-5.3</b>	<b>6.8</b>	<b>7.0</b>
Dividend paid					-4.0	-4.0	-4.1	-4.3	-4.3	-4.6
Share buybacks						-0.5	-0.5			
New issue common stock					11.2					
Incr./(decr.) in debt				6.1	-8.6	-16.8	-3.0		-2.0	-2.0
Minorities & other financing CF	0.7	-0.5	-0.6	-1.1	-0.8	28.5	-0.8	-0.6	-0.6	-0.6
<b>Cash flow from financing</b>	<b>0.7</b>	<b>-0.5</b>	<b>-1.7</b>	<b>-13.2</b>	<b>-2.2</b>	<b>7.2</b>	<b>-8.4</b>	<b>-4.8</b>	<b>-6.9</b>	<b>-7.2</b>
Disc. ops & other			0.1	0.1	0.2					
<b>Incr./(decr.) in cash</b>	<b>3.8</b>	<b>-0.1</b>	<b>6.6</b>	<b>-4.6</b>	<b>-1.8</b>	<b>3.1</b>	<b>14.3</b>	<b>-10.1</b>	<b>-0.1</b>	<b>-0.2</b>

BALANCE SHEET

EURm	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Cash & cash equivalents	6.2	6.1	12.7	8.1	6.3	9.4	23.7	13.6	13.5	13.3
Inventory	0.1	0.1	0.0							
Trade receivables	21.8	31.6	32.1	30.4	34.2	49.8	34.6	43.0	43.7	45.4
Other current assets	0.0		0.3	0.1	0.6	0.4	0.7			
Goodwill	35.6	35.6	35.6	35.6	35.6	40.0	40.0	40.0	40.0	40.0
Other intangible assets	1.4	1.0	0.9	1.0	0.9	0.7	0.5	0.3	0.2	0.3
Fixed tangible assets	10.2	12.1	14.1	15.8	17.9	19.9	20.4	21.9	22.9	24.4
Associated companies	7.4	7.9	7.6	8.4	8.9	10.0	10.5	10.8	11.1	11.5
Other non-current assets	0.2	0.3	0.5	0.4	1.1	1.4	1.3	1.3	1.3	1.3
<b>Total assets</b>	<b>82.9</b>	<b>96.0</b>	<b>105</b>	<b>101</b>	<b>107</b>	<b>135</b>	<b>135</b>	<b>134</b>	<b>136</b>	<b>139</b>
<b>Shareholders' equity</b>	<b>8.1</b>	<b>12.7</b>	<b>20.2</b>	<b>26.6</b>	<b>41.1</b>	<b>42.5</b>	<b>42.8</b>	<b>44.0</b>	<b>47.1</b>	<b>50.7</b>
Of which minority interests										
Current liabilities	27.5	31.9	38.6	38.0	37.2	47.7	49.9	47.8	48.6	50.4
Interest-bearing debt	47.1	32.3	28.4	34.5	25.7	39.9	37.5	37.5	35.5	33.5
Pension liabilities										
Oth non-curr. liabilities	0.3	0.4	0.5	0.7	1.1	1.5	1.5	1.5	1.5	1.5
<b>Total liabilities</b>	<b>74.9</b>	<b>65.9</b>	<b>69.1</b>	<b>74.7</b>	<b>65.5</b>	<b>92.0</b>	<b>91.8</b>	<b>89.8</b>	<b>88.6</b>	<b>88.6</b>
<b>Total liabilities and equity</b>	<b>82.9</b>	<b>96.0</b>	<b>105</b>	<b>101</b>	<b>107</b>	<b>135</b>	<b>135</b>	<b>134</b>	<b>136</b>	<b>139</b>
Net debt	40.9	43.5	31.9	26.4	19.4	30.5	13.8	23.9	22.0	20.2

Source: Company data, Danske Bank Equity Research estimates



Summary tables

PER SHARE DATA	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
No. of shares, fully diluted (y.e.) (m)	9.0	9.0	9.0	9.0	9.0	8.9	8.9	8.9	8.9	8.9
No. of shares, fully diluted (avg.) (m)	9.0	9.0	9.0	9.0	9.0	8.9	8.9	8.9	8.9	8.9
EPS (EUR)	0.11	0.43	0.97	0.87	0.78	0.62	0.44	0.61	0.84	0.92
EPS adj. (EUR)	0.11	0.43	0.97	0.87	0.88	0.62	0.44	0.61	0.84	0.92
DPS (EUR)	0.00	0.00	0.00	0.44	0.45	0.46	0.48	0.48	0.52	0.55
CFFO/share (EUR)	2.0	0.5	1.9	1.3	0.6	0.7	3.3	0.1	1.4	1.5
Book value/share (EUR)	0.90	1.41	2.24	2.96	4.57	4.78	4.81	4.94	5.30	5.70
MARGINS AND GROWTH	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
EBITDA margin	5.2%	5.6%	6.7%	6.1%	6.0%	5.0%	4.4%	4.9%	5.6%	5.7%
EBITA margin	3.7%	4.3%	5.3%	4.5%	4.5%	3.2%	2.5%	3.2%	3.9%	4.0%
EBIT margin	3.2%	4.0%	5.2%	4.4%	4.4%	3.1%	2.4%	3.1%	3.8%	4.0%
EBIT adj margin	2.9%	3.2%	4.7%	3.9%	4.1%	2.9%	2.2%	2.9%	3.6%	3.8%
Sales growth		33.7%	14.9%	6.4%	1.0%	15.3%	16.9%	-10.5%	1.6%	4.0%
EBITDA growth		43.4%	38.7%	-4.0%	-0.1%	-3.8%	2.0%	0.5%	16.5%	6.0%
EBITA growth		56.6%	41.0%	-9.4%	-0.2%	-16.9%	-10.0%	16.2%	23.8%	6.5%
EPS adj growth		n.m.	n.m.	-10.7%	1.5%	-29.7%	-29.2%	39.2%	36.9%	10.0%
PROFITABILITY	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
ROIC (after tax, incl. GW, adj.)	13.8%	9.3%	15.0%	13.6%	13.2%	9.3%	8.3%	10.1%	11.6%	12.5%
ROIC (after tax, excl. GW, adj.)	49.9%	27.7%	41.3%	39.2%	33.7%	20.4%	20.1%	25.8%	26.1%	27.3%
ROE (adj.)	24.4%	20.1%	26.3%	24.8%	23.4%	13.3%	9.2%	12.5%	16.3%	16.7%
ROIC (adj.) - WACC	4.6%	0.1%	5.8%	4.3%	4.0%	0.1%	-1.0%	0.9%	2.4%	3.2%
MARKET VALUE	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Share price (EUR)					11.4	8.09	7.22	7.84	7.84	7.84
No. shares reduced by buybacks (m)	9.0	9.0	9.0	9.0	9.0	8.9	8.9	8.9	8.9	8.9
<b>Mkt cap used in EV (m)</b>					<b>102</b>	<b>72</b>	<b>64</b>	<b>70</b>	<b>70</b>	<b>70</b>
Net debt, year-end (m)	41	45	33	28	21	33	17	27	25	23
MV of min/ass and oth (m)	-7	-8	-8	-8	-9	-10	-11	-11	-11	-11
<b>Enterprise value (m)</b>					<b>114</b>	<b>95</b>	<b>70</b>	<b>86</b>	<b>84</b>	<b>82</b>
VALUATION	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
EV/sales (x)					0.48	0.35	0.22	0.30	0.29	0.27
EV/EBITDA (x)					8.4	7.3	5.3	6.4	5.3	4.9
EV/EBITA (x)					11.5	11.6	9.6	10.0	7.8	7.1
EV/EBIT (x)					11.8	11.9	10.1	10.4	8.0	7.1
P/E (reported) (x)					14.5	13.1	16.4	12.8	9.4	8.5
P/E (adj.) (x)					12.9	13.1	16.4	12.8	9.4	8.5
P/BV (x)					2.48	1.69	1.50	1.59	1.48	1.38
EV/invested capital (x)					4.3	2.6	3.5	2.7	2.6	2.4
Dividend yield					3.96%	5.69%	6.65%	6.16%	6.62%	7.04%
Total yield (incl. buybacks)					3.96%	6.38%	7.43%	6.16%	6.62%	7.04%
FCFE-yield					-0.20%	1.95%	35.35%	-7.63%	9.71%	10.01%
FINANCIAL RATIOS	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Net debt/EBITDA (x)	5.7	3.9	1.8	2.1	1.5	2.5	1.2	2.0	1.6	1.4
Net debt/equity (x), year-end	5.1	2.9	1.3	1.0	0.5	0.8	0.4	0.6	0.5	0.5
Dividend payout ratio	0.0%	0.0%	0.0%	50.7%	57.6%	74.2%	109.3%	79.0%	62.0%	60.0%
Interest coverage (x)	1.5	2.5	9.4	8.8	5.0	4.4	2.6	3.7	5.5	6.4
Cash conversion (FCF/net profit)	n.m.	65.7%	152.4%	110.3%	-2.8%	25.3%	581.4%	-97.9%	91.0%	85.3%
Capex/sales	1.4%	1.9%	2.2%	2.0%	2.4%	1.7%	2.2%	2.1%	2.0%	2.1%
NWC/sales	-3.9%	-0.1%	-2.8%	-3.2%	-1.0%	0.9%	-4.6%	-1.7%	-1.7%	-1.7%
QUARTERLY P&L			Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24E	Q3 24E	Q4 24E
Sales (m)			65.8	85.7	88.3	80.2	54.4	75.0	80.0	77.0
EBITDA (m)			1.0	4.0	4.0	5.0	1.6	4.0	4.4	4.1
EBIT before non-recurring items (m)			-0.6	2.5	2.6	2.5	0.6	2.5	3.0	2.1
Net profit (adj.) (m)			-0.9	1.5	1.2	2.1	-0.1	1.6	2.0	1.9
EPS (adj.) (EUR)			-0.10	0.17	0.13	0.23	-0.01	0.18	0.23	0.22
EBITDA margin			1.5%	4.7%	4.5%	6.3%	2.9%	5.3%	5.5%	5.4%
EBIT margin (adj.)			-1.0%	2.9%	2.9%	3.2%	1.1%	3.3%	3.8%	2.8%

Source: Company data, Danske Bank Equity Research estimates

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