

Construction

Key data

Price (EUR)	7.70
Country	Finland
Bloomberg	KREATE FH
Reuters	KREATE.HE
Free float	100.0%
Market cap (EURm)	68
Net debt (current Y/E) (EURm)	26
No. of shares (m)	8.9
Next event	Q1: 26-Apr

* Price as at 10.00 EET on 10 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%
Tinimö Oy	11.1%
Ilmarinen	4.7%
Valtonen Seppo	4.6%
Varna	4.0%

Source: Company data (31 March 2024)

Estimate changes

	24E	25E	26E
Sales	0.0%	0.0%	0.0%
EBITDA	0.0%	0.0%	0.0%
EBIT (adj.)	0.0%	0.0%	0.0%
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

Focus on margins – Q1 24 results due 26 April

Focus in Kreate's Q1 report is on the continuing margin recovery after the long-lasting weakness, which started to ease in Q4 23. This could be a trigger for the share in our view. The expected stimulus-driven railway infra projects by Finnish government are set to support market volumes in H2 24. Valuation discount to peers has clearly widened. We introduce a fair value range of EUR8.0-9.4 for the share.

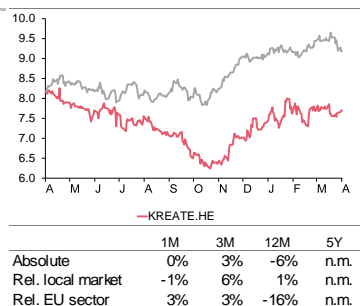
- **Focus on margin recovery.** Kreate's margin trend has weakened since Q1 22 y/y, as it was burdened by a few underperforming longer projects, cost inflation (material and labour) and investments in the Swedish and railway businesses but started to show positive signs in Q4 23. The Finnish construction market is under heavy pressure, even though the infra segment has been performing a bit better in relative terms. The completion of older, weaker projects combined with stabilizing cost inflation should continue to support the margin recovery during 2024. The order backlog has been weakening recently, putting pressure on volumes, but we expect to see some improvement during H2 when the progressing stimulus packages should start offering support to railway market activity, we believe.
- **Q1 expectations.** We expect Kreate's revenues to have declined in Q1 burdened by the weakened order backlog. We estimate Q1 revenue to be down by 9% y/y, in line with FactSet consensus. In profitability terms, we estimate a Q1 EBITA margin of 0.8% versus FactSet consensus of 1.3% and previous year's -0.7%, supported by the easing burden from the completed problem projects.
- **Estimate changes.** No changes in earnings estimates.
- **Valuation.** Kreate is trading at EV/EBITA 2024E multiple of 9.4x, which implies a 30% discount to the peer group.

Key financials

Year-end Dec (EUR)	2022	2023	2024E	2025E	2026E
Revenues (m)	274	320	290	297	308
Revenues growth	15.3%	16.9%	-9.4%	2.3%	4.0%
EBITDA (m)	13.7	14.0	14.5	16.6	17.6
EBIT adj. (m)	8.0	7.0	8.7	10.6	11.6
EBIT growth	-17.4%	-12.5%	23.6%	22.6%	9.8%
Pre-tax profit (m)	6.6	4.7	7.1	9.3	10.5
EPS adj.	0.62	0.44	0.67	0.86	0.94
DPS	0.46	0.48	0.50	0.53	0.56
Dividend yield	5.7%	6.6%	6.5%	6.9%	7.3%
FCFE yield (pre-IFRS16)	-5.6%	35.4%	-7.0%	10.1%	10.4%
EBIT margin (adj.)	2.9%	2.2%	3.0%	3.6%	3.8%
Net debt/EBITDA (x)	2.5	1.2	1.9	1.5	1.4
ROIC	9.3%	8.3%	10.6%	11.8%	12.7%
EV/sales (x)	0.3	0.2	0.3	0.3	0.3
EV/EBITDA (adj.) (x)	7.3	5.3	6.1	5.1	4.7
EV/EBITA (adj.) (x)	11.6	9.6	9.4	7.5	6.9
EV/EBIT (adj.) (x)	11.9	10.1	9.7	7.7	6.9
P/E (adj.) (x)	13.1	16.4	11.5	9.0	8.2

Source: Company data, Danske Bank Equity Research estimates

Price performance



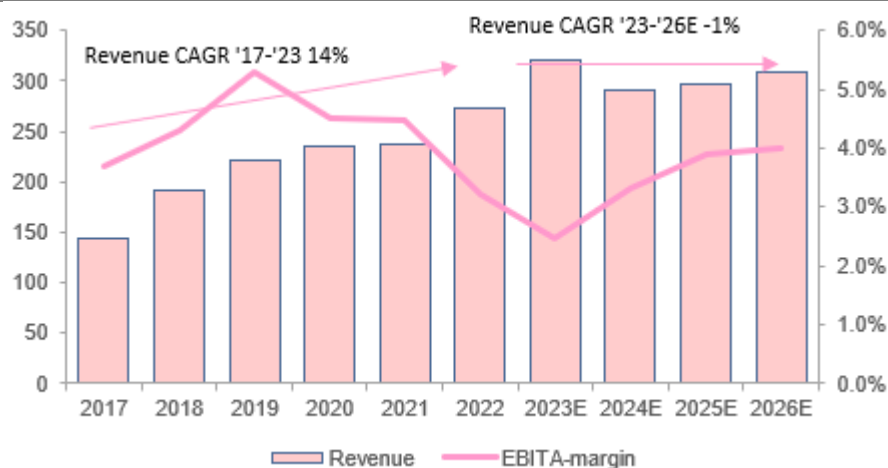
Source: FactSet

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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 have been EUR300m in sales by 2024 with over 5% EBITA margin in the medium term. The company is planning to update its financial targets during spring 2024.

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



Source: Company data, Danske Bank Equity Research estimates

Table 1. Kreate estimates

EURm	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24E	Q2 24E	Q3 24E	Q4 24E	2023	2024E	2025E	2026E
Sales	65.8	85.7	88.3	80.2	60.0	75.0	80.0	75.0	320.0	290.0	296.5	308.4
EBITDA	1.0	4.0	4.0	4.9	1.7	4.0	4.5	4.3	14.0	14.5	16.6	17.6
EBITA	-0.4	2.6	2.9	2.7	0.5	2.8	3.3	3.1	7.9	9.6	11.6	12.3
EBIT	-0.4	2.5	2.8	2.6	0.4	2.7	3.2	3.0	7.6	9.3	11.3	12.3
EBITA margin	-0.7%	3.0%	3.3%	3.4%	0.8%	3.7%	4.1%	4.1%	2.5%	3.3%	3.9%	4.0%
EBIT margin	-0.7%	2.9%	3.2%	3.3%	0.7%	3.6%	4.0%	4.0%	2.4%	3.2%	3.8%	4.0%
PTP	-0.9	1.9	1.7	1.9	-0.1	2.1	2.6	2.5	4.7	7.1	9.3	10.5
Net profit	-0.7	1.5	1.4	1.6	-0.1	1.8	2.2	2.1	3.9	6.0	7.6	8.4
EPS	-0.08	0.17	0.16	0.18	-0.01	0.20	0.25	0.24	0.44	0.67	0.86	0.94

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% arises from the Finnish state.

Q1 24 results preview

We expect Kreate’s revenues to have declined burdened by the weakened order backlog in Q1. We forecast Q1 revenue to be down by 9% y/y, in line with consensus. In profitability terms, we estimate a Q1 EBITA-margin of 0.8% versus FactSet consensus of 1.3% and previous year’s -0.7%, supported by the easing burden from the completed problem projects. Q1 is a seasonally slow quarter for Kreate and earnings generation is more tilted towards H2.

In recent years Kreate’s volumes have been growing robustly but margins have deteriorated. We believe that trends will change and that sales will start to weaken but margins will start to improve, which in our view is the most important driver for the share price. We also expect to see a turn in the order backlog terms during H2 24 when certain bigger infra projects (for example railway projects) are expected to start progressing. We believe that management will continue to indicate high activity in the tendering operations, even though there have been no major project announcements during Q1.

Table 2. Kreate Q1 estimates

EURm	DBER Q1 24E	Consensus (Factset)	Actual Q1/23
Sales	60.0	59.6	65.8
EBITA	0.5	0.8	-0.4
EBIT	0.4	0.6	-0.4
EBITA margin	0.8%	1.3%	-0.7%
EBIT margin	0.7%	1.0%	-0.7%
PTP	-0.1	0.1	-0.9
Net profit	-0.1	0.1	-0.7
EPS	-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

Valuation

We launch a fair value range of EUR8.0-9.4 for Kreate's share. The mid-point implies 10.4x 2024E EV/EBITA, in line with the historical forward EV/EBITA multiple for the peer group. The multiple would also imply a 20% discount to the peer group EV/EBITA multiples for 2024-26. In our view a discount valuation to peers is justified due to smaller size and higher expected earnings leverage in the peer company cases. Currently the share is trading at EV/EBITA 2024E multiple of 9.4x, 30% 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.

Table 3. Peer group valuation

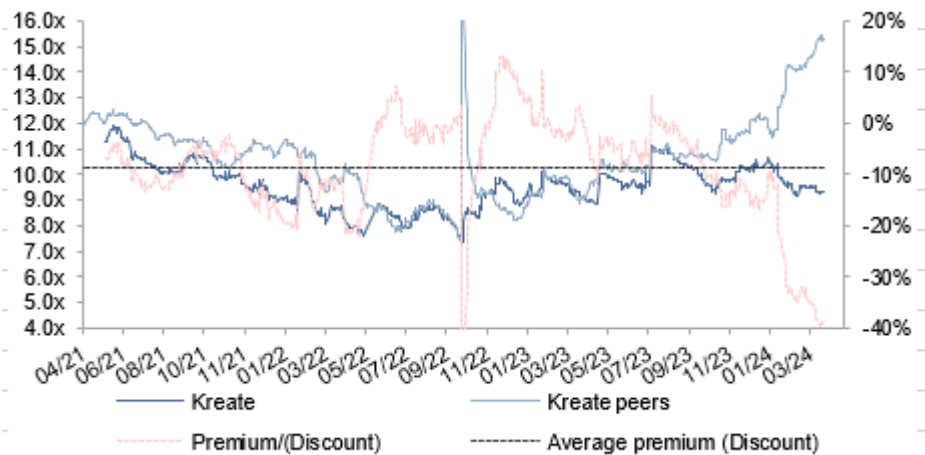
Company	Ticker	Mkt cap EURm	Price (lcl ccy)	EV/Sales			EV/EBITA			P/E			Div. yield 2024	FCF yield 2024
				2024	2025	2026	2024	2025	2026	2024	2025	2026		
AF Gruppen	AFG-NO	1,230	132.4	0.6	0.5	0.5	11.8	10.6	10.0	16.1	14.6	13.8	6.0	7.4
Bonava	BONAV.B-SE	295	10.5	1.0	1.1	0.8	24.8	36.7	13.2	n.a.	32.9	7.4	0.5	34.5
Consti	CONSTI-FI	85	10.6	0.3	0.3	0.2	7.6	6.6	5.9	10.2	8.5	7.6	6.4	7.6
JM	JM-SE	1,128	200.6	2.5	2.4	2.0	44.9	34.6	24.2	26.2	20.2	14.1	2.5	15.7
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	1,208	138.9	0.3	0.3	0.3	10.4	10.2	9.8	10.1	10.0	9.6	5.4	10.4
NRC Group	NRC-NO	82	13.1	0.3	0.3	0.3	12.0	8.7	7.1	14.9	8.3	6.1	1.0	22.9
Peab	PEAB.B-SE	1,632	63.2	0.6	0.6	0.6	17.6	15.7	13.9	13.9	12.2	10.6	3.4	12.9
Selvaag Bolig	SBO-NO	305	37.8	2.5	2.1	1.8	21.9	20.8	18.2	16.2	16.5	14.6	5.0	6.3
Skanska	SKAB-SE	7,108	194.1	0.5	0.4	0.4	11.0	9.8	9.4	13.2	11.8	11.1	3.8	7.1
SRV	SRV1V-FI	81	4.8	0.3	0.3	0.3	14.7	10.3	7.9	25.4	9.0	5.2	1.0	-0.3
Veidekke	VEI-NO	1,325	113.8	0.3	0.3	0.3	8.9	8.6	8.2	13.7	13.1	12.3	7.3	11.9
YIT	YIT-FI	434	1.9	0.7	0.7	0.6	34.6	21.6	15.0	n.a.	26.4	11.5	0.2	38.2
Median				0.6	0.5	0.5	13.3	10.5	9.9	14.4	12.6	10.9	3.4	11.2
Kreate by DBER	KREATE-FI	64	7.70	0.3	0.3	0.3	9.4	7.5	6.9	11.5	9.0	8.2	6.5	6.5

Prices as at 10:00 EET on 10 April 2024

Source: FactSet, Danske Bank Equity Research estimates

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Chart 3. Kreate forward EV/EBITA versus peers



Prices as at 10:00 EET on 10 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.
- 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.

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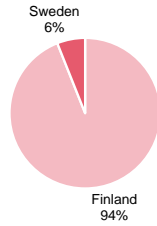
Kreate is exposed to the construction cycle, even though cyclicalities are more limited in infrastructure construction than in building construction. The competitive landscape is naturally always tight, but in the most demanding projects requiring special expertise, competition has remained more moderate.

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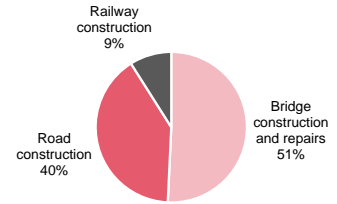
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Company summary

Sales breakdown by geographical area



Sales breakdown by division



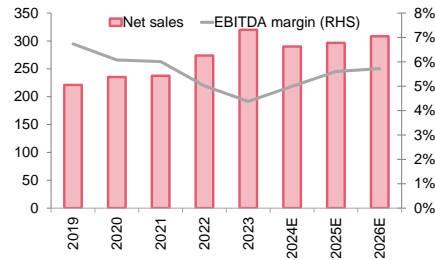
Company information

Kreate Group
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Finland
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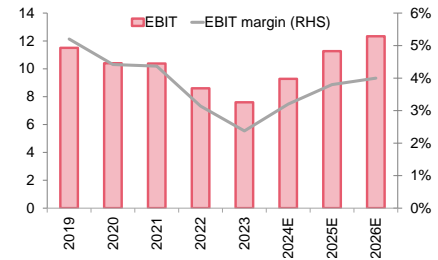
Main shareholders

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

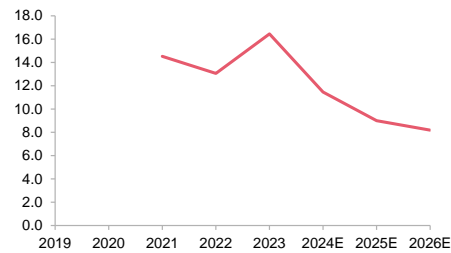
Net sales and EBITDA margin (EURm)



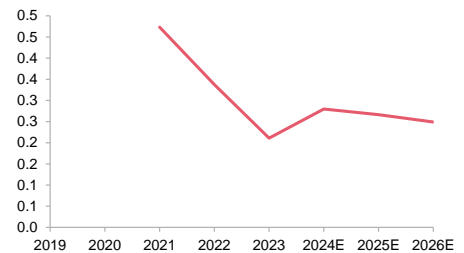
EBIT and EBIT margin (EURm)



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	290	297	308
Cost of sales & operating costs	-136	-182	-206	-221	-223	-260	-306	-276	-280	-291
EBITDA	7.5	10.7	14.9	14.3	14.3	13.7	14.0	14.5	16.6	17.6
EBITDA, adj.	7.2	9.2	13.9	13.1	13.6	13.1	13.4	13.9	16.0	17.0
Depreciation	-2.2	-2.4	-3.2	-3.7	-3.7	-5.0	-6.1	-4.9	-5.0	-5.3
EBITA	5.3	8.3	11.7	10.6	10.6	8.8	7.9	9.6	11.6	12.3
EBIT incl. EO, bef. ass.	4.5	7.7	11.5	10.4	10.4	8.6	7.6	9.3	11.3	12.3
EBIT, adj.	4.2	6.2	10.5	9.2	9.7	8.0	7.0	8.7	10.6	11.6
Financial items, net	-2.9	-3.0	-1.2	-1.1	-2.1	-2.0	-2.9	-2.2	-2.0	-1.9
Pre-tax profit	1.6	4.7	10.3	9.3	8.3	6.6	4.7	7.1	9.3	10.5
Taxes	-0.6	-0.9	-1.6	-1.5	-1.3	-1.1	-0.8	-1.1	-1.7	-2.1
Net profit, rep.	1.0	3.8	8.7	7.8	7.0	5.5	3.9	6.0	7.6	8.4
Net profit, adj.	1.0	3.8	8.7	7.8	7.9	5.5	3.9	6.0	7.6	8.4
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	14.5	16.6	17.6
Change in working capital	11.5	-1.9	5.6	1.6	-4.5	-5.1	17.1	-9.7	0.1	0.1
Net interest paid	0.0	-0.1	-0.2	-0.3	-1.4	-1.9	-2.9	-2.2	-2.0	-1.9
Taxes paid	0.3	-1.0	-1.0	-1.3	-2.1	-1.1	-0.7	-1.1	-1.7	-2.1
Other operating cash items	-0.7	-0.1	0.0	-0.4	-0.2	0.7	2.4			
Cash flow from operations	18.5	6.2	18.3	13.2	5.4	6.0	29.6	1.2	12.7	13.4
Capex	-2.0	-3.7	-5.0	-4.6	-5.6	-4.6	-6.9	-6.0	-5.8	-6.4
Div to min										
Free cash flow	16.5	2.5	13.3	8.6	-0.2	1.4	22.7	-4.8	6.9	7.1
Disposals/(acquisitions)	-13.4	-0.9	1.3		0.6	-5.5				
Free cash flow to equity	3.1	1.6	14.6	8.6	0.4	-4.1	22.7	-4.8	6.9	7.1
Dividend paid					-4.0	-4.0	-4.1	-4.3	-4.5	-4.7
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
Cash flow from financing	0.7	-0.5	-1.7	-13.2	-2.2	7.2	-8.4	-4.8	-7.0	-7.3
Disc. ops & other			0.1	0.1	0.2					
Incr./(decr.) in cash	3.8	-0.1	6.6	-4.6	-1.8	3.1	14.3	-9.6	-0.2	-0.2
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	14.1	13.9	13.7
Inventory	0.1	0.1	0.0							
Trade receivables	21.8	31.6	32.1	30.4	34.2	49.8	34.6	43.5	44.5	46.3
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	23.1	24.6
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
Total assets	82.9	96.0	105	101	107	135	135	135	137	141
Shareholders' equity	8.1	12.7	20.2	26.6	41.1	42.5	42.8	44.5	47.6	51.3
Of which minority interests										
Current liabilities	27.5	31.9	38.6	38.0	37.2	47.7	49.9	48.4	49.4	51.3
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
Total liabilities	74.9	65.9	69.1	74.7	65.5	92.0	91.8	90.4	89.5	89.5
Total liabilities and equity	82.9	96.0	105	101	107	135	135	135	137	141
Net debt	40.9	43.5	31.9	26.4	19.4	30.5	13.8	23.4	21.6	19.8

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.) (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.)	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	0.67	0.86	0.94
EPS adj. (EUR)	0.11	0.43	0.97	0.87	0.88	0.62	0.44	0.67	0.86	0.94
DPS (EUR)	0.00	0.00	0.00	0.44	0.45	0.46	0.48	0.50	0.53	0.56
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	5.00	5.36	5.77
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%	5.0%	5.6%	5.7%
EBITA margin	3.7%	4.3%	5.3%	4.5%	4.5%	3.2%	2.5%	3.3%	3.9%	4.0%
EBIT margin	3.2%	4.0%	5.2%	4.4%	4.4%	3.1%	2.4%	3.2%	3.8%	4.0%
EBIT adj margin	2.9%	3.2%	4.7%	3.9%	4.1%	2.9%	2.2%	3.0%	3.6%	3.8%
Sales growth		33.7%	14.9%	6.4%	1.0%	15.3%	16.9%	-9.4%	2.3%	4.0%
EBITDA growth		43.4%	38.7%	-4.0%	-0.1%	-3.8%	2.0%	3.4%	14.8%	6.2%
EBITA growth		56.6%	41.0%	-9.4%	-0.2%	-16.9%	-10.0%	21.2%	20.7%	6.5%
EPS adj growth		n.m.	n.m.	-10.7%	1.5%	-29.7%	-29.2%	53.1%	27.3%	9.9%
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%	10.6%	11.8%	12.7%
ROIC (after tax, excl. GW, adj.)	49.9%	27.7%	41.3%	39.2%	33.7%	20.4%	20.1%	27.1%	26.6%	27.7%
ROE (adj.)	24.4%	20.1%	26.3%	24.8%	23.4%	13.3%	9.2%	13.7%	16.5%	16.9%
ROIC (adj.) - WACC	4.6%	0.1%	5.8%	4.3%	4.0%	0.1%	-1.0%	1.4%	2.6%	3.4%
MARKET VALUE	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Share price (EUR)					11.4	8.09	7.22	7.70	7.70	7.70
No. shares reduced by buybacks	9.0	9.0	9.0	9.0	9.0	8.9	8.9	8.9	8.9	8.9
Mkt cap used in EV (m)					102	72	64	68	68	68
Net debt, year-end (m)	41	45	33	28	21	33	17	26	25	23
MV of min/ass and oth (m)	-7	-8	-8	-8	-9	-10	-11	-11	-11	-11
Enterprise value (m)					114	95	70	84	82	80
VALUATION	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
EV/sales (x)					0.48	0.35	0.22	0.29	0.28	0.26
EV/EBITDA (x)					8.4	7.3	5.3	6.1	5.1	4.7
EV/EBITA (x)					11.5	11.6	9.6	9.4	7.5	6.9
EV/EBIT (x)					11.8	11.9	10.1	9.7	7.7	6.9
P/E (reported) (x)					14.5	13.1	16.4	11.5	9.0	8.2
P/E (adj.) (x)					12.9	13.1	16.4	11.5	9.0	8.2
P/BV (x)					2.48	1.69	1.50	1.54	1.44	1.34
EV/invested capital (x)					4.3	2.6	3.5	2.7	2.5	2.3
Dividend yield					3.96%	5.69%	6.65%	6.54%	6.89%	7.33%
Total yield (incl. buybacks)					3.96%	6.38%	7.43%	6.54%	6.89%	7.33%
FCFE-yield					-0.20%	1.95%	35.35%	-7.04%	10.03%	10.35%
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	1.9	1.5	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	0.4
Dividend payout ratio	0.0%	0.0%	0.0%	50.7%	57.6%	74.2%	109.3%	75.0%	62.0%	60.0%
Interest coverage (x)	1.5	2.5	9.4	8.8	5.0	4.4	2.6	4.3	5.6	6.5
Cash conversion (FCF/net profit)	n.m.	65.7%	152.4%	110.3%	-2.8%	25.3%	581.4%	-80.6%	90.3%	84.7%
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%	-1.6%
QUARTERLY P&L			Q1 23	Q2 23	Q3 23	Q4 23	Q1 24E	Q2 24E	Q3 24E	Q4 24E
Sales (m)			65.8	85.7	88.3	80.2	60.0	75.0	80.0	75.0
EBITDA (m)			1.0	4.0	4.0	5.0	1.7	4.0	4.5	4.3
EBIT before non-recurring items (m)			-0.6	2.5	2.6	2.5	0.3	2.5	3.1	2.8
Net profit (adj.) (m)			-0.9	1.5	1.2	2.1	-0.2	1.6	2.1	2.5
EPS (adj.) (EUR)			-0.10	0.17	0.13	0.23	-0.02	0.18	0.23	0.28
EBITDA margin			1.5%	4.7%	4.5%	6.3%	2.8%	5.3%	5.6%	5.8%
EBIT margin (adj.)			-1.0%	2.9%	2.9%	3.2%	0.5%	3.3%	3.9%	3.7%

Source: Company data, Danske Bank Equity Research estimates

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