

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)	29
No. of shares (m)	8.9
Next event	Q3: 25-Oct

* Price as at 12:00 EET on 16 July 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 (30 June 2024)

Estimate changes

	24E	25E	26E
Sales	-2.8%	5.7%	7.4%
EBITDA	1.9%	2.4%	4.3%
EBIT (adj.)	9.7%	5.2%	5.6%
EPS (adj.)	n.m.	n.m.	n.m.

Source: Danske Bank Equity Research estimates

Analyst(s)

Mika Karppinen

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Kreate Group

Order activity starting to pick up

Kreate reported a third consecutive quarter with margin improvement in Q2 after a clearly weaker development seen in recent years. Also, order activity has started to pick up compared to previous quarters, improving volume visibility for the coming years. The share is valued at a widened discount to peers. We reiterate our fair value range of EUR8.0-9.4.

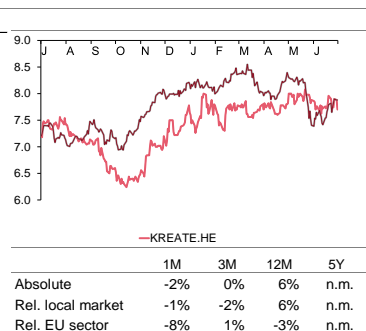
- Impact on the investment case.** Kreate reported a third consecutive quarter of improving margins in Q2. In our view the weakened margins have been a burdening factor for the case over the past two years. Good operational performance, the completion of older problem projects combined with stabilised inflation supported margins during Q2 despite a clear decline in sales, which is arising from the weakened order backlog.
- Order book development starting to improve.** Weaker market conditions had led to a decrease in Kreate's order book but in Q2 the trend turned upwards driven by the railway and Swedish markets. The order book improved q/q, coming in at EUR200m versus EUR184m in Q1 24 and EUR265m a year ago. Management indicates that there are significant projects in the tendering phase, supporting the outlook. In our view Q2 order announcements (for example a EUR200m rail yard project, which is not included in the order book yet) clearly indicate a turn in market activity. We believe that further 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 in performance in the short term.
- Estimate changes.** We increase our EBITA estimates for 2024-26 by 1%, 3% and 6%, respectively.
- Valuation.** Kreate is trading at EV/EBITDA 2024E multiple of 9.4x, which implies a 47% discount to the peer group.

Key financials

Year-end Dec (EUR)	2022	2023	2024E	2025E	2026E
Revenues (m)	274	320	278	308	325
Revenues growth	15.3%	16.9%	-13.0%	10.6%	5.6%
EBITDA (m)	13.7	14.0	14.3	16.8	18.1
EBIT adj. (m)	8.0	7.0	9.0	10.9	12.1
EBIT growth	-17.4%	-12.5%	29.3%	20.9%	10.1%
Pre-tax profit (m)	6.6	4.7	6.6	9.6	10.8
EPS adj.	0.62	0.44	0.61	0.88	0.97
DPS	0.46	0.48	0.48	0.55	0.58
Dividend yield	5.7%	6.6%	6.3%	7.1%	7.6%
FCFE yield (pre-IFRS16)	-5.6%	35.4%	-11.0%	12.1%	12.9%
EBIT margin (adj.)	2.9%	2.2%	3.3%	3.6%	3.7%
Net debt/EBITDA (x)	2.5	1.2	2.0	1.6	1.3
ROIC	9.3%	8.3%	10.9%	11.9%	13.1%
EV/sales (x)	0.3	0.2	0.3	0.3	0.3
EV/EBITDA (adj.) (x)	7.3	5.3	6.1	5.2	4.6
EV/EBITDA (adj.) (x)	11.6	9.6	9.4	7.5	6.5
EV/EBIT (adj.) (x)	11.9	10.1	9.6	7.6	6.6
P/E (adj.) (x)	13.1	16.4	12.6	8.7	7.9

Source: Company data, Danske Bank Equity Research estimates

Price performance



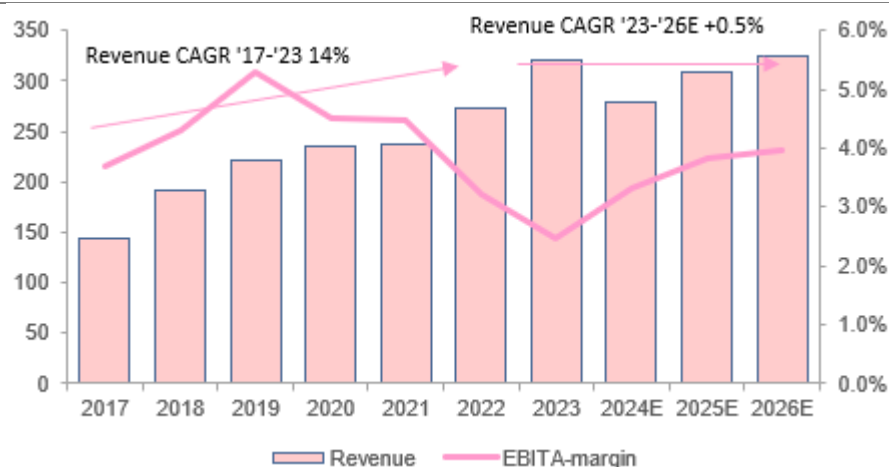
Source: FactSet

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Investment case

Kreate is an infrastructure construction company in the Finnish market, specialising in complex projects in challenging environments that require 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	Q1 23								DBER estimates			
	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24E	Q4 24E	2023	2024E	2025E	2026E
Sales	65.8	85.7	88.3	80.2	54.4	68.0	76.0	80.0	320.0	278.4	307.8	325.1
EBITA	-0.4	2.6	2.9	2.7	0.3	2.6	3.1	3.2	7.9	9.2	11.7	12.9
EBIT	-0.4	2.5	2.8	2.6	0.2	2.6	3.1	3.2	7.6	9.0	11.5	12.7
EBITA margin	-0.7%	3.0%	3.3%	3.4%	0.5%	3.9%	4.1%	4.0%	2.5%	3.3%	3.8%	4.0%
EBIT margin	-0.7%	2.9%	3.2%	3.3%	0.4%	3.8%	4.0%	4.0%	2.4%	3.3%	3.8%	3.9%
PTP	-0.9	1.9	1.7	1.9	-0.6	2.1	2.5	2.6	4.7	6.6	9.6	10.8
Net profit	-0.7	1.5	1.4	1.6	-0.5	1.6	2.1	2.2	3.9	5.4	7.8	8.6
EPS	-0.08	0.17	0.16	0.18	-0.06	0.18	0.24	0.25	0.44	0.61	0.88	0.97
DPS									0.48	0.48	0.55	0.58

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

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.

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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.

Q2 24 results review

Kreate's Q2 sales declined 21% to EUR68m (-8% to consensus) with EBITA of EUR2.6m (+4% to consensus, EUR 2.5m). EBITA-margin was 3.8% versus 3% a year ago and consensus of 3.4%. The good thing was that the margin improvement continued in Q2 despite a slightly bigger sales decline. We believe 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. Margins improved, even though Kreate's associate company KFS's performance has clearly weakened recently due to lower volumes (EUR-0.2m result in Q2). However, the improvement in the infra market is expected to start supporting KFS's performance in the coming quarters.

The order book improved q/q, coming in at EUR200m versus EUR184m in Q1 24 and EUR265m a year ago. It seems that especially railway and Swedish markets supported the order backlog development. The Q2 figures included a slightly bigger EUR36m order from the Helsinki-Riihimäki railway project. During Q2 Kreate also won the Tampere passenger rail yard project, with an immediate start of the development phase. This project, worth EUR200m of which we estimate Kreate's share to be some EUR180m, will be added to the order backlog during H1 25 if the project proceeds to implementation. Management indicated that there are significant projects in the offer calculation, supporting the outlook. In our view Q2 order announcements clearly indicated a turn in order activity, enabling an improvement in the order backlog in Q2 compared to the previous quarter. We expect the favourable order development to continue during H2 24.

Kreate's cash flow totalled EUR-6.5m versus EUR1.7m year ago. Cash flow was burdened by the change in trade payables. We believe that this was mainly a timing issue in cash flow generation. However, we also need to remember that Kreate's cash flow in 2023 was exceptionally strong due to the release of net working capital.

Table 2. Kreate Q1 figures

EURm	Reported Q2 24	DBER Q2 24E	Dev.	Consensus (Factset)	Dev.	Actual Q2 23	Change y/y
Sales	68	68.0	0%	73.6	-8%	85.7	-21%
EBITA	2.6	2.6	-1%	2.5	4%	2.6	0%
EBIT	2.6	2.6	0%	2.3	13%	2.5	4%
EBITA margin	3.8%	3.9%		3.4%		3.0%	1p.p
EBIT margin	3.8%	3.8%		3.1%		2.9%	1p.p
PTP	2.1	2.1	0%	1.8	17%	1.9	11%
Net profit	1.6	1.6	0%	1.5		1.5	7%
EPS	0.16	0.18	-11%	0.16	0%	0.17	-5%

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

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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.

At the conference call management was confident that the order inflow development will start to improve during H2 as it expects certain bigger projects to progress and high tendering activity to materialise.

We have increased our EBITA estimates for 2024-26 by 1%, 3% and 6%, respectively, driven mainly by the Tampere passenger rail yard project that should start to contribute to performance in 2025.

Valuation

We reiterate our fair value range of EUR8.0-9.4 for Kreate's share. The mid-point implies 10.4x 2024E EV/EBITA, which is in line with the historical forward EV/EBITA multiple for the peer group. The multiple would also imply a 34-47% 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, a 47% 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

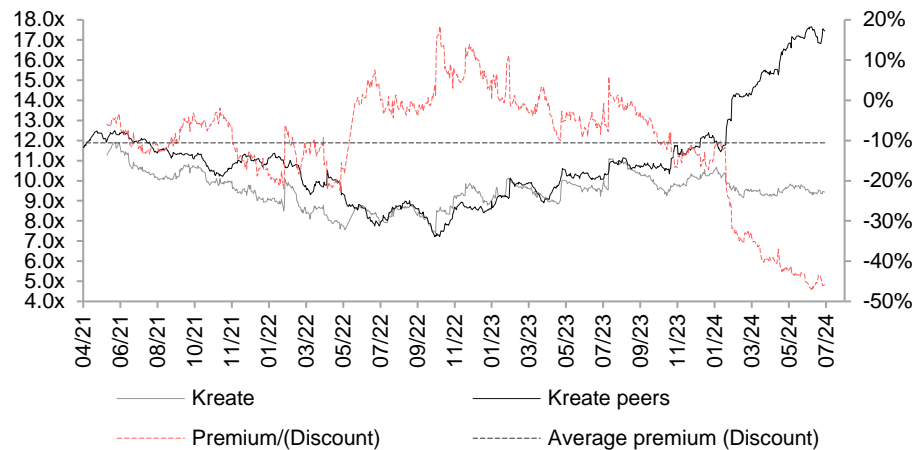
Company	Ticker	Mkt		EV/Sales			EV/EBITA			P/E			Div	FCF
		cap	Price*	2024	2025E	2026E	2024	2025E	2026E	2024	2025E	2026E	yield	yield
AF Gruppen	AFG-NO	1,255	137.2	0.6	0.5	0.5	12.3	10.7	9.9	17.1	15.1	13.9	5.3	5.5
Bonava	BONAV.B-SE	248	8.8	0.9	1.3	0.9	26.5	42.9	13.3	n.a.	n.a.	46.3	0.0	-2.3
Consti	CONSTI-FI	78	9.8	0.3	0.2	0.2	7.7	6.3	5.6	10.5	8.5	7.5	6.6	7.3
JM	JM-SE	1,221	218.6	2.3	2.4	2.0	45.0	35.4	24.0	40.0	23.5	14.9	2.5	11.7
Lehto Group	LEHTO-FI	3	0.0	76.4	76.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.0	n.a.
NCC	NCC.B-SE	1,355	157.5	0.3	0.3	0.3	10.8	10.3	10.0	10.6	10.1	9.7	5.5	10.8
NRC Group	NRC-NO	66	10.5	0.2	0.2	0.2	50.8	8.7	6.5	56.8	7.7	5.0	0.0	20.3
Peab	PEAB.B-SE	1,899	74.2	0.7	0.6	0.6	17.7	16.3	14.2	14.1	12.9	11.1	3.1	12.1
Selvaag Bolig	SBO-NO	299	37.5	2.4	2.1	1.3	26.3	27.1	13.1	23.2	26.1	13.1	3.8	12.5
Skanska	SKA.B-SE	7,416	204.0	0.5	0.5	0.5	13.1	11.4	10.7	13.4	11.9	11.2	3.8	5.3
SRV	SRV1V-FI	84	5.0	0.3	0.3	0.3	17.6	10.6	7.8	22.4	8.3	5.0	0.5	-5.9
Veidekke	VEI-NO	1,357	118.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	13.4	12.9	12.1	7.2	10.4
YIT	YIT-FI	550	2.4	0.7	0.7	0.7	50.2	23.7	16.1	n.a.	68.7	15.6	0.0	34.9
Median				0.6	0.6	0.5	17.7	11.4	10.7	15.6	12.9	11.7	3.1	10.6
Kreate by DBER	KREATE-FI	64	7.70	0.3	0.3	0.2	9.4	7.5	6.5	12.6	8.7	7.9	6.3	6.3

*Prices as at 12:00 EET on 16 July 2024

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

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Chart 2. Kreate forward EV/EBITA versus peers



Prices as at 12:00 EET on 16 July 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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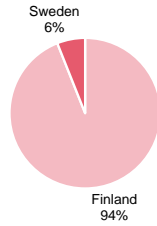
Kreate is exposed to the construction cycle, even though cyclicalities are more limited in infrastructure construction than in building construction. The competitive landscape is naturally always tight, but in the most demanding projects requiring special expertise, competition has remained more moderate.

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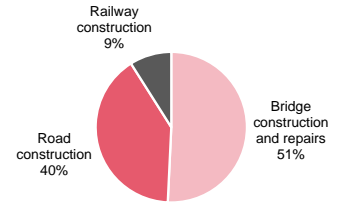
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Company summary

Sales breakdown by geographical area



Sales breakdown by division



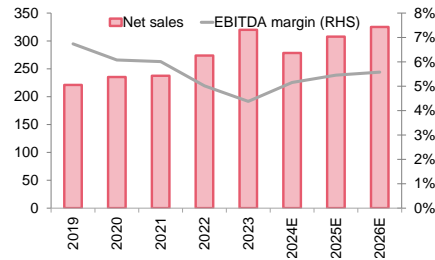
Company information

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

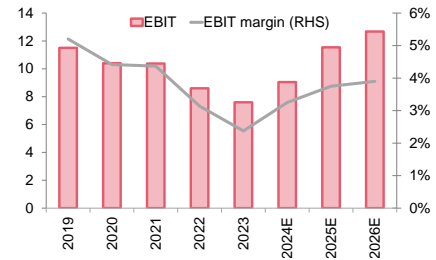
Main shareholders

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%

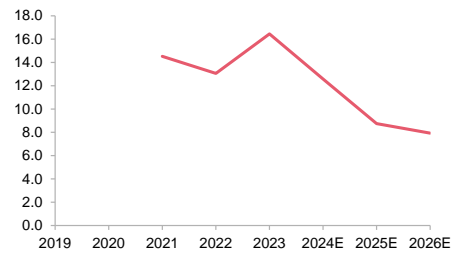
Net sales and EBITDA margin (EURm)



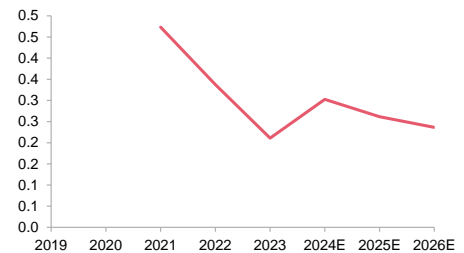
EBIT and EBIT margin (EURm)



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	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E
Net sales	144	192	221	235	238	274	320	278	308	308
Cost of sales & operating costs	-136	-182	-206	-221	-223	-260	-306	-264	-291	-291
EBITDA	7.5	10.7	14.9	14.3	14.3	13.7	14.0	14.3	16.8	16.8
EBITDA, adj.	7.2	9.2	13.9	13.1	13.6	13.1	13.4	14.3	14.3	16.2
Depreciation	-2.2	-2.4	-3.2	-3.7	-3.7	-5.0	-6.1	-5.1	-5.1	-5.1
EBITA	5.3	8.3	11.7	10.6	10.6	8.8	7.9	9.2	11.7	11.7
EBIT incl. EO, bef. ass.	4.5	7.7	11.5	10.4	10.4	8.6	7.6	9.0	11.5	11.5
EBIT, adj.	4.2	6.2	10.5	9.2	9.7	8.0	7.0	9.0	10.9	10.9
Financial items, net	0.0	-2.9	-3.0	-1.2	-1.1	-2.0	-2.9	-2.4	-2.0	-2.0
Pre-tax profit	1.6	4.7	10.3	9.3	8.3	6.6	4.7	6.6	9.6	9.6
Taxes	-0.6	-0.9	-1.6	-1.5	-1.3	-1.1	-0.8	-1.2	-1.7	-1.7
Net profit, rep.	1.0	3.8	8.7	7.8	7.0	5.5	3.9	5.4	7.8	7.8
Net profit, adj.	1.0	3.8	8.7	7.8	7.9	5.5	3.9	5.4	7.8	7.8

CASH FLOW

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E
EBITDA	7.5	10.7	14.9	14.3	14.3	13.7	14.0	14.3	16.8	16.8
Change in working capital	11.5	-1.9	5.6	1.6	-4.5	-5.1	17.1	-12.6	1.5	1.5
Net interest paid	0.0	-0.1	-0.2	-0.3	-1.4	-1.9	-2.9	-2.4	-2.0	-2.0
Taxes paid	0.3	-1.0	-1.0	-1.3	-2.1	-1.1	-0.7	-1.2	-1.7	-1.7
Other operating cash items	-0.7	-0.1	0.0	-0.4	-0.2	0.7	2.4	2.4	2.4	2.4
Cash flow from operations	18.5	6.2	18.3	13.2	5.4	6.0	29.6	-1.9	14.3	14.3
Capex	-2.0	-3.7	-5.0	-4.6	-5.6	-4.6	-6.9	-5.7	-6.1	-6.1
Div to min										
Free cash flow	16.5	2.5	13.3	8.6	-0.2	1.4	22.7	-7.6	8.3	8.3
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	-7.6	8.3	8.3
Dividend paid					-4.0	-4.0	-4.1	-4.3	-4.3	-4.3
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
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	-6.9	-6.9
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	-12.4	1.4	1.4

BALANCE SHEET

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E
Cash & cash equivalents	6.2	6.1	12.7	8.1	6.3	9.4	23.7	11.3	12.7	12.7
Inventory	0.1	0.1	0.0							
Trade receivables	21.8	31.6	32.1	30.4	34.2	49.8	34.6	44.5	47.7	47.7
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	0.4	0.4	0.4
Fixed tangible assets	10.2	12.1	14.1	15.8	17.9	19.9	20.4	21.5	22.9	22.9
Associated companies	7.4	7.9	7.6	8.4	8.9	10.0	10.5	10.5	10.8	10.8
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	132	139	139
Shareholders' equity	8.1	12.7	20.2	26.6	41.1	42.5	42.8	44.0	47.5	47.5
Of which minority interests										
Current liabilities	27.5	31.9	38.6	38.0	37.2	47.7	49.9	46.5	51.2	51.2
Interest-bearing debt	47.1	32.3	28.4	34.5	25.7	39.9	37.5	37.5	35.5	35.5
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	88.5	91.3	91.3
Total liabilities and equity	82.9	96.0	105	101	107	135	135	132	139	139
Net debt	40.9	43.5	31.9	26.4	19.4	30.5	13.8	26.2	22.8	22.8

Source: Company data, Danske Bank Equity Research estimates

Summary tables

PER SHARE DATA	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E
No. of shares, fully diluted (y.e.) (m)	9.0	9.0	9.0	9.0	9.0	9.0	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	9.0	8.9	8.9	8.9	8.9
EPS (EUR)	0.00	0.11	0.43	0.97	0.87	0.78	0.62	0.44	0.61	0.88
EPS adj. (EUR)	0.00	0.11	0.43	0.97	0.87	0.88	0.62	0.44	0.61	0.88
DPS (EUR)	0.00	0.00	0.00	0.00	0.44	0.45	0.46	0.48	0.48	0.55
FFFO/share (EUR)	0.0	2.0	0.5	1.9	1.3	0.6	0.7	3.3	-0.2	1.6
Book value/share (EUR)	0.00	0.90	1.41	2.24	2.96	4.57	4.78	4.81	4.94	5.34
MARGINS AND GROWTH	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E
EBITDA margin	5.2%	5.6%	6.7%	6.1%	6.1%	6.0%	5.0%	4.4%	5.2%	5.5%
EBITA margin	3.7%	4.3%	5.3%	4.5%	4.5%	4.5%	3.2%	2.5%	3.3%	3.8%
EBIT margin	3.2%	4.0%	5.2%	4.4%	4.4%	4.4%	3.1%	2.4%	3.3%	3.8%
EBIT adj margin	2.9%	3.2%	4.7%	3.9%	3.9%	4.1%	2.9%	2.2%	3.3%	3.6%
Sales growth		33.7%	14.9%	6.4%	1.0%	15.3%	16.9%	-13.0%	10.6%	17.1%
EBITDA growth		43.4%	38.7%	-4.0%	-0.1%	-3.8%	2.0%	2.4%	17.1%	10.6%
EBITA growth		56.6%	41.0%	-9.4%	-0.2%	-16.9%	-10.0%	16.9%	27.0%	17.1%
EPS adj growth		n.m.	n.m.	-10.7%	1.5%	-29.7%	-29.2%	39.5%	43.8%	43.8%
PROFITABILITY	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E
ROIC (after tax, incl. GW, adj.)		13.8%	9.3%	15.0%	13.6%	13.2%	9.3%	8.3%	10.9%	11.9%
ROIC (after tax, excl. GW, adj.)		49.9%	27.7%	41.3%	39.2%	33.7%	20.4%	20.1%	27.1%	26.0%
ROE (adj.)		24.4%	20.1%	26.3%	24.8%	23.4%	13.3%	9.2%	12.5%	17.1%
ROIC (adj.) - WACC		4.6%	0.1%	5.8%	4.3%	4.0%	0.1%	-1.0%	1.7%	2.7%
MARKET VALUE	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E
Share price (EUR)						11.4	8.09	7.22	7.70	7.70
No. shares reduced by buybacks (m)	9.0	9.0	9.0	9.0	9.0	9.0	8.9	8.9	8.9	8.9
Mkt cap used in EV (m)						102	72	64	68	68
Net debt, year-end (m)		41	45	33	28	21	33	17	29	26
MV of min/ass and oth (m)		-7	-8	-8	-8	-9	-10	-11	-11	-11
Enterprise value (m)						114	95	70	87	84
VALUATION	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E
EV/sales (x)						0.48	0.35	0.22	0.31	0.27
EV/EBITDA (x)						8.4	7.3	5.3	6.1	5.2
EV/EBITA (x)						11.5	11.6	9.6	9.4	7.5
EV/EBIT (x)						11.8	11.9	10.1	9.6	7.6
P/E (reported) (x)						14.5	13.1	16.4	12.6	8.7
P/E (adj.) (x)						12.9	13.1	16.4	12.6	8.7
P/BV (x)						2.48	1.69	1.50	1.56	1.44
EV/invested capital (x)						4.3	2.6	3.5	2.6	2.5
Dividend yield						3.96%	5.69%	6.65%	6.28%	7.09%
Total yield (incl. buybacks)						3.96%	6.38%	7.43%	6.28%	7.09%
FCFE-yield						-0.20%	1.95%	35.35%	-11.10%	12.07%
FINANCIAL RATIOS										
Net debt/EBITDA (x)										
Net debt/equity (x), year-end										
Dividend payout ratio										
Interest coverage (x)										
Cash conversion (FCF/net profit)										
Capex/sales										
NWC/sales										
QUARTERLY P&L										
	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24E	Q4 24E		
Sales (m)	65.8	85.7	88.3	80.2	54.4	68.0	76.0	80.0		
EBITDA (m)	1.0	4.0	4.0	5.0	1.6	4.0	4.3	4.4		
EBIT before non-recurring items (m)	-0.6	2.5	2.6	2.5	0.6	2.8	2.9	2.8		
Net profit (adj.) (m)	-0.9	1.5	1.2	2.1	-0.1	1.8	1.9	1.8		
EPS (adj.) (EUR)	-0.10	0.17	0.13	0.23	-0.01	0.20	0.21	0.21		
EBITDA margin	1.5%	4.7%	4.5%	6.3%	2.9%	5.9%	5.6%	5.5%		
EBIT margin (adj.)	-1.0%	2.9%	2.9%	3.2%	1.1%	4.1%	3.8%	3.5%		

Source: Company data, Danske Bank Equity Research estimates

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Report completed: 16 July 2024 at 13:40 CET

Report disseminated: 16 July 2024 at 14:00 CET

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