

Kreate

Company report

1/13/2025 10:00 am EET



Olli Koponen
+358 44 274 9560
olli.koponen@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report “Loppuvuonna on kasvulle ajureita” published on 1/13/2025 at 7:00 am EET.

inde
res.

Year-end growth drivers

We lower Kreate's target price to EUR 8.00 (was EUR 8.80) but raise our recommendation to Accumulate (was Reduce). In 2024, we expect Kreate to have successfully improved margins, and in 2025, revenue growth will drive earnings growth. However, the short-term market outlook is weak (H1'25) and we have slightly lowered our forecasts. However, after the share price decline, we believe the earnings outlook is attractive given the improving market and earnings levels of Kreate in the coming years.

Full-year margin improvement confirmed in final quarter

In 2024, Kreate was able to reverse the trend of its earnings in the right direction, i.e., upwards. For the full year, we expect Kreate's EBITA margin to improve to 3.2% from 2.4% in the same period last year and EBITA to reach 8.7 MEUR (2023: 7.8 MEUR). However, due to a weaker market and a lower order book (large projects completed), we expect revenue in FY2024 to decrease by 14% to 276 MEUR. Kreate expects revenue in the range of 270-300 MEUR and EBITA in the range of 8-11 MEUR. In other words, our estimate is at the bottom of the range.

For Q4, we expect a decline in revenue (-6%) and a slight improvement in the EBITA margin (3.6% vs. 3.4% in Q4'23). We have slightly lowered our earnings forecasts ahead of the financial statements on February 5, 2024, as we estimate that market activity continued to be weak in Q4 and that profitability may have been slightly impacted by the cost of repairing the Kirjalansalmi bridge. However, the impact of tail effects from old cost-intensive projects in the comparison period should now contribute to the improvement in the last quarter of 2024.

Growth and profitability improvement expected for the guidance

For 2025, we expect revenue to increase by 4% to 287 MEUR and adjusted EBITA to increase to 10.2 MEUR (EBITA %: 3.6%). Revenue growth will be driven by the rail projects to be added to the order book in the spring, which should significantly boost top line growth in the second half of the year. However, the beginning of the year will still be challenging in terms of volumes. Profitability will be positively impacted by increasing volumes and easing cost pressures. In line with our forecasts, Kreate should guide for at least a modestly increasing revenue and improving earnings. We also see a stronger order book in 2025 and a recovering market driving the company to profit growth in the following years (2026-2027). There is a risk that project development phases will be extended, projects will be postponed or that the weak market outlook will continue beyond H1'25 into the fall.

Moderate upside in valuation

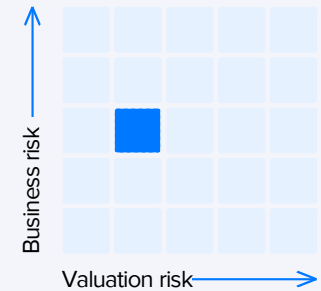
The valuation of Kreate is high for 2024 due to the low earnings level but becomes much more attractive in 2025-2026 (25-26e: EV/EBIT: 9x, P/E: 11x), when the earnings level also starts to normalize (EBITA %: 4%). Compared to our acceptable valuation (EV/EBIT: 10-12x, P/E: 10-12x), the stock would have an upside of 5%. The dividend is expected to increase by one cent to 49 cents in 2024, resulting in a strong dividend yield of 7%. Based on debt maturities and cash position, Kreate has the ability to pay a dividend and aims to increase it each year. However, we do not give the dividend much weight in our valuation, and we do not believe a cut would be a significant disappointment given the potential for growth investments. The DCF calculation, which better reflects the long-term potential, is also well above the current price (EUR 10.3), which supports our recommendation.

Recommendation

Accumulate
(was Reduce)

8.00 EUR
(was EUR 8.80)

Share price:
7.30



Key figures

	2023	2024e	2025e	2026e
Revenue	320.0	275.6	287.3	302.2
growth-%	17%	-14%	4%	5%
EBITA (adj.)	7.8	8.7	10.2	11.7
EBITA-% (adj.)	2.4 %	3.2 %	3.6 %	3.9 %
Net income	3.7	4.1	5.7	6.5
EPS (adj.)	0.44	0.46	0.64	0.73

P/E (adj.)	16.5	15.8	11.5	10.0
P/B	1.5	1.5	1.5	1.4
Dividend yield-%	6.6 %	6.7 %	6.8 %	7.0 %
EV/EBIT (adj.)	10.7	10.6	9.6	8.3
EV/EBITDA	5.8	6.1	5.9	5.2
EV/S	0.3	0.3	0.3	0.3

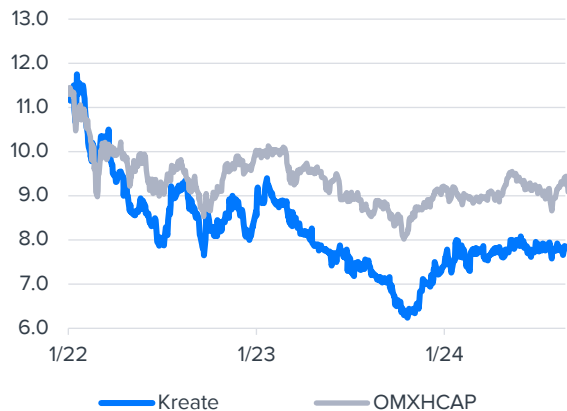
Source: Inderes

Guidance

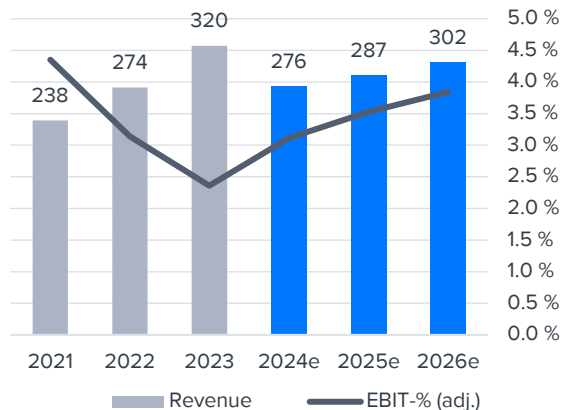
(Unchanged)

Kreate estimates that its revenue in 2024 will decline and be in the range of 270-300 MEUR (2023: 320 MEUR) and EBITA will increase and be in the range of 8-11 MEUR (2023: 7.8 MEUR).

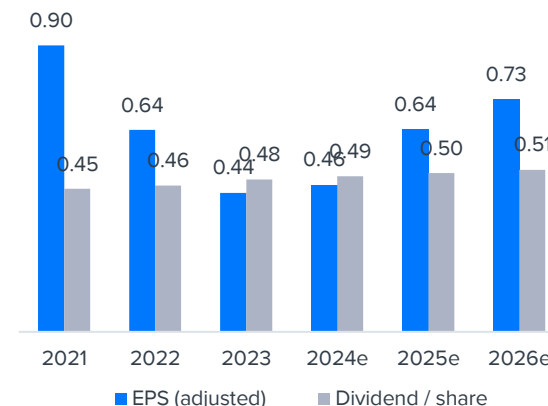
Share price



Revenue and EBIT-%



EPS and dividend



Value drivers

- Above-market growth in the medium term
- Significant scope to improve profitability
- Strong potential for return on capital
- Infrastructure construction is more cycle-resilient than the rest of the sector
- Competitive advantage through specialized expertise in demanding projects
- Urbanization, dense construction, sustainable development, renovation debt, safety underpin market growth prospects
- M&A for expansion at home and abroad



Risk factors

- The sector is partly dependent on the business cycle, especially on the private side
- Stagnation of public investment
- The worsening financial situation of municipalities
- Managing growth
- Sharing and managing the risks of large projects
- Maintaining expertise and adequacy of staff incentives
- Price competition
- Cost pressures and material availability challenges

Valuation	2024e	2025e	2026e
Share price	7.30	7.30	7.30
Market cap	65	65	65
EV	91	97	97
P/E (adj.)	15.8	11.5	10.0
P/B	1.5	1.5	1.4
EV/Sales	0.3	0.3	0.3
EV/EBITDA	6.1	5.9	5.2
EV/EBIT (adj.)	10.6	9.6	8.3
Payout ratio (%)	105.9 %	78.5 %	69.8 %
Dividend yield-%	6.7 %	6.8 %	7.0 %

Source: Inderes

Year-end improvement expected

Estimates Q4'24

- Based on the order book levels, we expect revenue to decline 6%
- We expect margin and earnings levels to improve after the end of the low-cost projects in 2023
- However, the improvement in profitability will be slowed by the low market activity and the potential additional costs of the Kirjalansalmi bridge due to the bridge failure
- We expect earnings per share to increase from EUR 0.18 to EUR 0.22.
- We expect the dividend to increase to 49 cents from 48 cents in the comparison period
- There is room for dividends given the cash position and debt maturities, but we would not be concerned if the dividend was cut to reflect financial buffers or potential growth investments

Estimates MEUR / EUR	Q4'23	Q4'24	Q4'24e	Q4'24e	Consensus		2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	80.2		75.6				276
EBITA (adj.)	2.7		2.8				8.7
EBIT	2.6		3.2				8.6
PTP	1.9		2.6				6.0
EPS (reported)	0.18		0.22				0.46
DPS	0.48		0.49				0.49
Revenue growth-%	-3.5 %		-5.7 %				-13.9 %
EBITA-% (adj.)	3.4 %		3.6 %				3.2 %

Source: Inderes

We slightly lowered our estimates

Estimates 2024e-2026e

- We expect the market to remain slow in H1'25 and revenue growth to pick up towards the end of the year
- Growth driven by railway projects not included in the order book (around 300 MEUR)
- Projects expected to enter construction phase in spring 2025
- Fierce competition is likely to continue into next year, reducing the scope for margin improvement
- We expect growth to remain strong through 2026, when the major projects won will be well underway and the market is healthier

Operational result drivers 2024-2026e:

- A turnaround in the infrastructure market and an increase in volumes
- Moderation of cost pressures
- Leverage from rising volumes
- Completion of old cost-intensive projects in 2023
- Return on growth investments in railway construction and Sweden
- Easing of competitive pressure as other new construction recovers

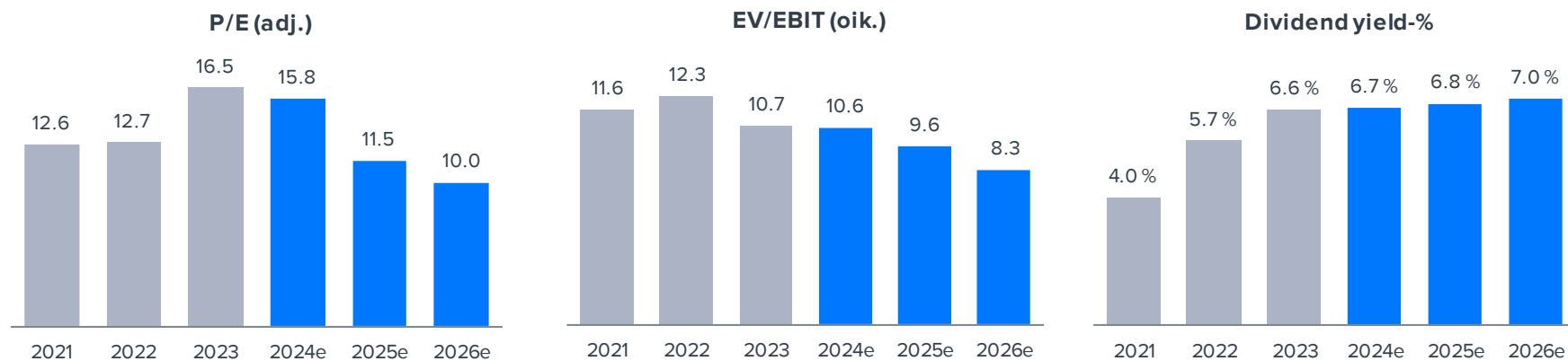
Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	276	276	0%	282	287	2%	297	302	2%
EBITA excluding NRIs	9.2	8.7	-5%	10.5	10.2	-2%	11.9	11.7	-2%
EBIT	9.1	8.6	-6%	10.4	10.1	-2%	11.9	11.6	-2%
PTP	6.5	6.0	-8%	7.7	7.6	-2%	9.3	9.1	-3%
EPS (excl. NRIs)	0.51	0.46	-9%	0.65	0.64	-2%	0.75	0.73	-3%
DPS	0.49	0.49	0%	0.50	0.50	0%	0.51	0.51	0%

Source: Inderes

Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price			11.4	8.09	7.22	7.30	7.30	7.30	7.30
Market cap			99	73	64	65	65	65	65
EV			120	106	81	91	97	97	95
P/E (adj.)			12.6	12.7	16.5	15.8	11.5	10.0	8.7
P/B			2.4	1.7	1.5	1.5	1.5	1.4	1.3
EV/Sales			0.5	0.4	0.3	0.3	0.3	0.3	0.3
EV/EBITDA			8.4	7.8	5.8	6.1	5.9	5.2	4.7
EV/EBIT (adj.)			11.6	12.3	10.7	10.6	9.6	8.3	7.4
Payout ratio (%)			56.4 %	72.4 %	109.7 %	105.9 %	78.5 %	69.8 %	61.7 %
Dividend yield-%			4.0 %	5.7 %	6.6 %	6.7 %	6.8 %	7.0 %	7.1 %

Source: Inderes



Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/Liikevaihto		P/E		Dividend yield-%		P/B
			2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
YIT Oyj	548	1514	24.1	16.3	17.4	12.9	0.8	0.8	1180.0	18.9		2.3	0.7
NRC Group ASA	59	144	11.6	7.5	4.8	4.0	0.2	0.2	4.1	2.5	16.4	20.1	0.4
Veidekke ASA	1620	1458	10.1	9.7	6.1	5.9	0.4	0.4	14.6	14.0	6.1	6.3	5.4
Sdiptech AB (publ)	731	731	8.7	7.8	6.2	5.5	1.4	1.3	15.7	13.2			1.7
Ncc AB	1347	1839	11.4	10.8	6.9	6.7	0.4	0.4	10.5	9.8	5.0	5.2	1.8
Peab AB	1967	3218	15.2	13.6	9.3	8.6	0.6	0.6	12.7	11.2	4.2	4.7	1.3
Skanska AB	8370	7735	10.9	9.9	8.4	8.0	0.5	0.5	13.6	12.6	3.6	4.0	1.5
SRV Yhtiot Oyj	88	217	13.6	8.5	9.7	6.5	0.3	0.3	18.8	6.3	2.0	5.5	0.7
Consti Oyj	83	86	6.9	6.4	5.2	5.1	0.3	0.3	8.7	8.2	6.8	7.5	1.7
MT Hoejgaard Holding A/S	324	322	6.5	6.4	4.5		0.3	0.3	8.9	8.6			1.9
NYAB	305	306	10.4	9.2	9.0	8.0	0.8	0.7	14.3	10.7	4.7	4.7	1.5
Kreate (Inderes)	65	91	10.6	9.6	6.1	5.9	0.3	0.3	15.8	11.5	6.7	6.8	1.5
Average			11.8	9.6	7.9	7.1	0.5	0.5	118.3	10.5	6.1	6.7	1.7
Median			10.9	9.2	6.9	6.6	0.4	0.4	13.6	10.7	4.9	5.2	1.5
Diff-% to median			-3%	4%	-11%	-11%	-17%	-13%	16%	7%	38%	32%	0%

Source: Refinitiv / Inderes

Income statement

Income statement	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue	237.6	273.9	65.8	85.7	88.3	80.2	320.0	54.4	68.0	77.6	75.6	275.6	287.3	302.2	313.5
Finland	0.0	0.0	62.3	80.0	81.8	73.5	297.5	47.9	61.6	67.5	65.4	242.4	248.0	255.5	261.6
Sweden	0.0	0.0	3.5	5.7	6.5	6.7	22.5	6.5	6.4	10.1	10.2	33.2	39.3	46.8	51.9
EBITDA	14.2	13.6	1.0	4.1	4.0	4.8	14.0	1.6	4.1	4.7	4.5	14.9	16.5	18.5	20.1
Depreciation	-3.9	-5.0	-1.4	-1.6	-1.2	-2.2	-6.4	-1.4	-1.5	-1.6	-1.8	-6.3	-6.4	-6.9	-7.2
EBITA (adj.)	10.5	8.8	-0.4	2.6	2.9	2.7	7.8	0.3	2.6	3.1	2.8	8.7	10.2	11.7	12.9
EBIT (excl. NRI)	10.3	8.6	-0.4	2.5	2.8	2.6	7.6	0.2	2.6	3.1	2.7	8.6	10.1	11.6	12.9
EBIT	10.3	8.6	-0.4	2.5	2.8	2.6	7.6	0.2	2.6	3.1	2.7	8.6	10.1	11.6	12.9
Net financial items	-2.1	-1.9	-0.4	-0.6	-1.1	-0.8	-2.9	-0.8	-0.5	-0.7	-0.6	-2.6	-2.6	-2.5	-2.5
PTP	8.2	6.7	-0.9	1.9	1.7	1.9	4.7	-0.6	2.1	2.4	2.1	6.0	7.6	9.1	10.4
Taxes	-1.3	-1.1	0.2	-0.4	-0.3	-0.2	-0.7	0.1	-0.5	-0.6	-0.4	-1.4	-1.5	-2.2	-2.5
Minority interest	0.0	0.2	0.0	0.0	-0.1	0.0	-0.2	-0.1	-0.2	0.0	-0.1	-0.4	-0.4	-0.4	-0.4
Net earnings	6.9	5.8	-0.7	1.5	1.3	1.6	3.7	-0.7	1.4	1.8	1.6	4.1	5.7	6.5	7.5
EPS (adj.)	0.80	0.64	-0.08	0.17	0.16	0.18	0.44	-0.08	0.16	0.20	0.18	0.46	0.64	0.73	0.84
EPS (rep.)	0.80	0.64	-0.08	0.17	0.16	0.18	0.44	-0.08	0.16	0.20	0.18	0.46	0.64	0.73	0.84

Key figures	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	1.0 %	15.3 %	30.6 %	27.8 %	20.4 %	-3.5 %	16.8 %	-17.3 %	-20.7 %	-12.1 %	-5.7 %	-13.9 %	4.3 %	5.2 %	3.7 %
Adjusted EBITA growth-%	0.1 %	-17.0 %	-134.5 %	9.2 %	-2.4 %	17.8 %	-10.5 %	-165.8 %	0.0 %	7.9 %	1.7 %	11.6 %	17.2 %	13.7 %	10.8 %
Adjusted EBITA-%	4.4 %	3.2 %	-0.6 %	3.0 %	3.3 %	3.4 %	2.4 %	0.5 %	3.8 %	4.0 %	3.6 %	3.2 %	3.6 %	3.9 %	4.1 %
Adjusted EBIT-%	4.4 %	3.1 %	-0.7 %	3.0 %	3.2 %	3.3 %	2.4 %	0.4 %	3.8 %	4.0 %	3.6 %	3.1 %	3.5 %	3.8 %	4.1 %
Net earnings-%	2.9 %	2.1 %	-1.1 %	1.8 %	1.6 %	2.0 %	1.2 %	-1.2 %	2.1 %	2.3 %	2.1 %	1.5 %	2.0 %	2.2 %	2.4 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	74.9	75.6	77.5	79.3	80.6
Goodwill	40.0	40.0	40.0	40.0	40.0
Intangible assets	0.7	0.5	0.5	0.6	0.7
Tangible assets	22.8	23.3	25.2	26.9	28.2
Associated companies	10.0	10.5	10.5	10.5	10.5
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.2	0.3	0.3	0.3	0.3
Deferred tax assets	1.2	1.0	1.0	1.0	1.0
Current assets	59.6	59.0	50.2	55.3	58.1
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.4	0.7	0.7	0.7	0.7
Receivables	49.8	34.6	35.8	43.1	45.3
Cash and equivalents	9.4	23.6	13.7	11.5	12.1
Balance sheet total	135	135	128	135	139

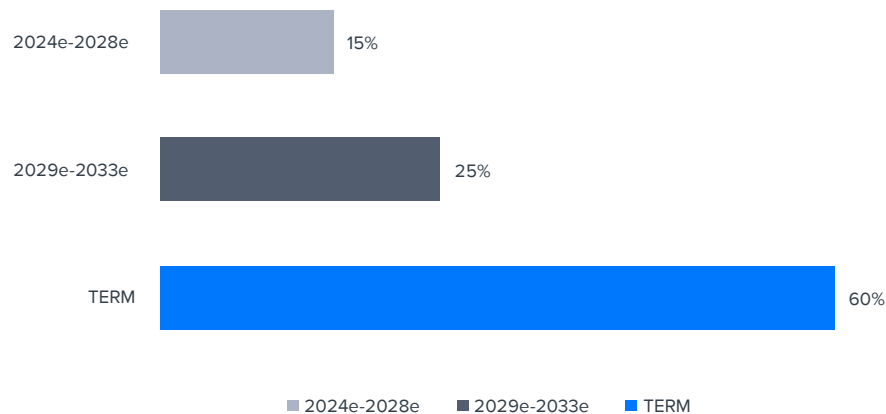
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	42.6	42.7	42.5	43.9	45.9
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	23.4	24.0	23.8	25.2	27.2
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	19.2	18.7	18.7	18.7	18.7
Minorities	-0.1	-0.1	-0.1	-0.1	-0.1
Non-current liabilities	35.4	34.0	33.8	38.8	37.3
Deferred tax liabilities	1.5	1.5	0.7	0.5	0.5
Provisions	1.9	3.1	3.1	3.1	3.1
Interest bearing debt	32.1	29.4	30.0	35.2	33.7
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	56.6	57.9	51.4	52.0	55.5
Interest bearing debt	10.7	11.0	10.0	8.8	10.1
Payables	45.5	46.8	41.3	43.1	45.3
Other current liabilities	0.4	0.0	0.0	0.0	0.0
Balance sheet total	135	135	128	135	139

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	16.8 %	-13.9 %	4.3 %	5.2 %	3.7 %	4.0 %	2.0 %	2.0 %	2.0 %	2.0 %	1.5 %	1.5 %
EBIT-%	2.4 %	3.1 %	3.5 %	3.8 %	4.1 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %
EBIT (operating profit)	7.6	8.6	10.1	11.6	12.9	13.0	13.3	13.6	13.8	14.1	14.3	
+ Depreciation	6.4	6.3	6.4	6.9	7.2	7.5	7.6	7.8	7.9	8.0	8.0	
- Paid taxes	-0.5	-2.2	-1.7	-2.2	-2.5	-2.5	-2.6	-2.7	-2.8	-3.0	-3.0	
- Tax, financial expenses	-0.5	-0.6	-0.5	-0.6	-0.6	-0.6	-0.5	-0.5	-0.5	-0.4	-0.4	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	15.9	-6.7	-5.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	28.9	5.3	8.8	15.7	17.0	17.4	17.8	18.1	18.4	18.7	18.9	
+ Change in other long-term liabilities	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-6.8	-8.2	-8.2	-8.2	-8.2	-8.2	-8.2	-8.2	-8.2	-8.2	-8.2	
Free operating cash flow	23.3	-2.9	0.6	7.5	8.8	9.2	9.6	9.9	10.2	10.5	10.8	
+/- Other	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	23.5	-2.9	0.6	7.5	8.8	9.2	9.6	9.9	10.2	10.5	10.8	146
Discounted FCFF		-2.9	0.5	6.4	6.8	6.5	6.2	5.9	5.6	5.3	5.0	67.3
Sum of FCFF present value		113	116	115	109	102	95.4	89.1	83.2	77.6	72.3	67.3
Enterprise value DCF		113										
- Interest bearing debt		-40.4										
+ Cash and cash equivalents		23.6										
- Minorities		0.2										
- Dividend/capital return		-4.3										
Equity value DCF		91.9										
Equity value DCF per share		10.3										

Cash flow distribution

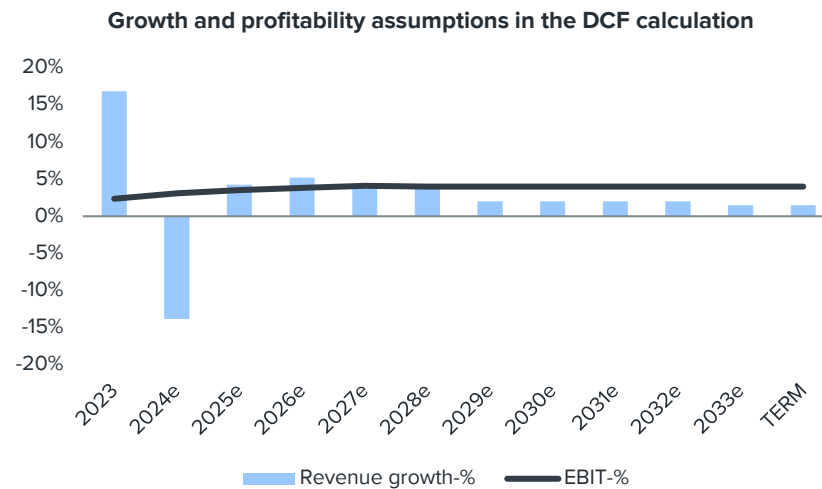
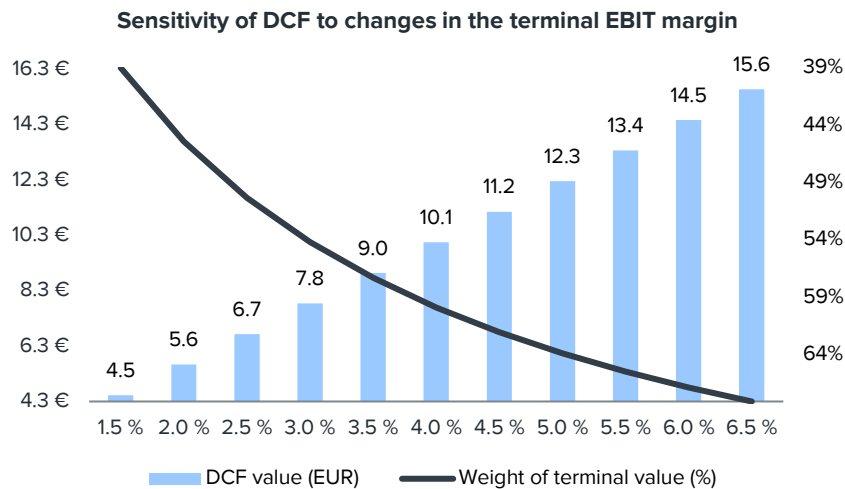
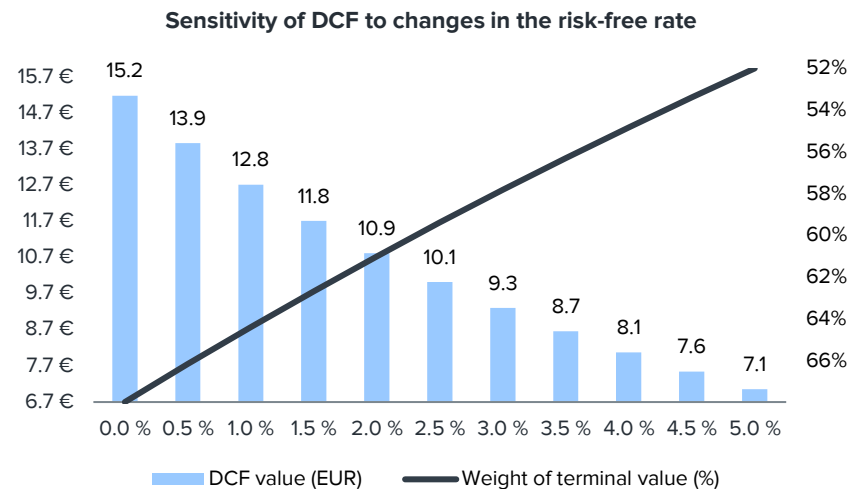
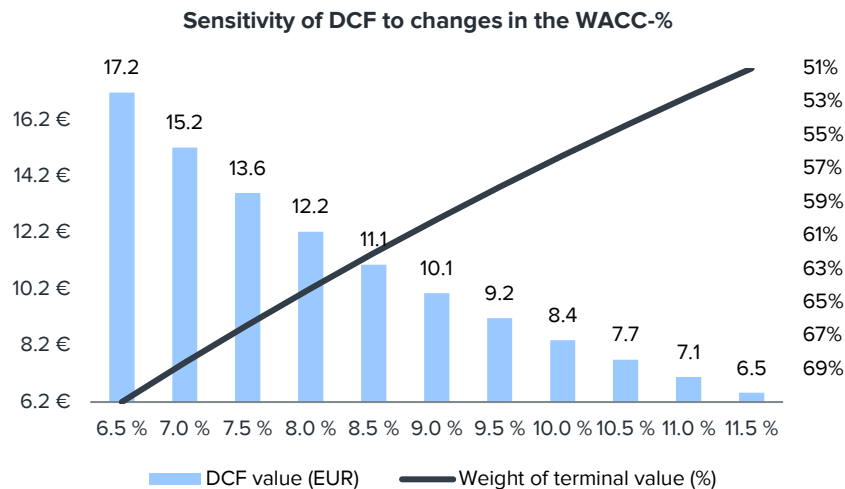


WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	3.5 %
Equity Beta	1.40
Market risk premium	4.75%
Liquidity premium	1.40%
Risk free interest rate	2.5 %
Cost of equity	10.6 %
Weighted average cost of capital (WACC)	9.0 %

Source: Inderes

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	2022	2023	2024e	2025e	Per share data	2022	2023	2024e	2025e
Revenue	273.9	320.0	275.6	287.3	EPS (reported)	0.64	0.44	0.46	0.64
EBITDA	13.6	14.0	14.9	16.5	EPS (adj.)	0.64	0.44	0.46	0.64
EBIT	8.6	7.6	8.6	10.1	OCF / share	0.88	3.25	0.60	0.99
PTP	6.7	4.7	6.0	7.6	FCF / share	-0.63	2.64	-0.32	0.07
Net Income	5.7	3.9	4.1	5.7	Book value / share	4.75	4.81	4.79	4.94
Extraordinary items	0.0	0.0	0.0	0.0	Dividend / share	0.46	0.48	0.49	0.50
Balance sheet	2022	2023	2024e	2025e	Growth and profitability	2022	2023	2024e	2025e
Balance sheet total	134.5	134.6	127.7	134.6	Revenue growth-%	15%	17%	-14%	4%
Equity capital	42.6	42.7	42.5	43.9	EBITDA growth-%	-4%	3%	7%	11%
Goodwill	40.0	40.0	40.0	40.0	EBIT (adj.) growth-%	-17%	-12%	14%	18%
Net debt	33.4	16.8	26.3	32.5	EPS (adj.) growth-%	-29%	-31%	6%	38%
Cash flow	2022	2023	2024e	2025e	EBITDA-%	5.0 %	4.4 %	5.4 %	5.8 %
EBITDA	13.6	14.0	14.9	16.5	EBIT (adj.)-%	3.1 %	2.4 %	3.1 %	3.5 %
Change in working capital	-4.1	15.9	-6.7	-5.5	EBIT-%	3.1 %	2.4 %	3.1 %	3.5 %
Operating cash flow	7.9	28.9	5.3	8.8	ROE-%	13.6 %	9.1 %	9.6 %	13.1 %
CAPEX	-12.8	-6.8	-8.2	-8.2	ROI-%	11.2 %	9.0 %	10.4 %	11.9 %
Free cash flow	-5.7	23.5	-2.9	0.6	Equity ratio	31.6 %	31.7 %	33.3 %	32.6 %
Valuation multiples	2022	2023	2024e	2025e	Gearing	78.5 %	39.3 %	61.8 %	74.1 %
EV/S	0.4	0.3	0.3	0.3					
EV/EBITDA	7.8	5.8	6.1	5.9					
EV/EBIT (adj.)	12.3	10.7	10.6	9.6					
P/E (adj.)	12.7	16.5	15.8	11.5					
P/B	1.7	1.5	1.5	1.5					
Dividend-%	5.7 %	6.6 %	6.7 %	6.8 %					

Source: Inderes

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
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
	The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
11/22/2021	Buy	13.00 €	10.75 €
11/24/2021	Buy	13.00 €	11.45 €
1/27/2022	Accumulate	13.00 €	11.75 €
4/27/2022	Buy	12.00 €	9.00 €
7/28/2022	Buy	12.00 €	8.80 €
10/4/2022	Buy	11.00 €	8.02 €
10/27/2022	Buy	11.00 €	8.45 €
11/21/2022	Accumulate	10.50 €	8.92 €
1/12/2023	Accumulate	10.50 €	9.05 €
2/1/2023	Accumulate	10.50 €	9.30 €
5/2/2023	Accumulate	9.00 €	7.94 €
7/12/2023	Vähennä	7.90 €	7.58 €
7/20/2023	Accumulate	7.90 €	7.44 €
10/26/2023	Accumulate	7.00 €	6.32 €
11/28/2023	Accumulate	7.30 €	6.84 €
2/1/2024	Accumulate	8.50 €	7.94 €
4/29/2024	Accumulate	8.50 €	7.80 €
7/17/2024	Accumulate	8.50 €	7.82 €
10/1/2024	Accumulate	9.00 €	8.36 €
10/28/2024	Reduce	8.80 €	8.36 €
1/13/2025	Accumulate	8.00 €	7.30 €



Inderes democratizes investor information by connecting investors and listed companies.

We help over 400 listed companies better serve investors. Our investor community is home to over 70,000 active members.

We build solutions for listed companies that enable frictionless and effective investor relations. For listed companies, we offer Commissioned Research, IR Events, AGMs, and IR Software.

Inderes is listed on the Nasdaq First North growth market and operates in Finland, Sweden, Norway, and Denmark.

Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

Award-winning research at [inderes.fi](https://www.inderes.fi)



**STARMINE
ANALYST AWARDS
FROM REFINITIV**



THOMSON REUTERS
ANALYST AWARDS



Juha Kinnunen
2012, 2016, 2017, 2018, 2019, 2020



Mikael Rautanen
2014, 2016, 2017, 2019



Sauli Vilén
2012, 2016, 2018, 2019, 2020



Antti Viljakainen
2014, 2015, 2016, 2018, 2019, 2020



Olli Koponen
2020



Joni Grönqvist
2019, 2020



Erkki Vesola
2018, 2020



Petri Gostowski
2020



Atte Riikola
2020

**Connecting investors
and listed companies.**