

Construction

Key data

Price (EUR)	7.52
Country	Finland
Bloomberg	KREATE.FH
Reuters	KREATE.HE
Free float	100.0%
Market cap (EURm)	67
Net debt (current Y/E) (EURm)	28
No. of shares (m)	8.9
Next event	Q1: 24-Apr

\* Price as at 13:55 EET on 5 February 2025

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 January 2025

Estimate changes

	25E	26E	27E
Sales	-4.0%	-1.3%	-1.3%
EBITDA	-8.0%	-5.0%	-12.5%
EBIT (adj.)	-13.7%	-6.7%	-18.8%
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 9 of this report

# Kreate Group

## Order intake starting to improve

**Kreate's Q4 earnings were slightly weaker than expected, burdened by the declining sales volumes. In the short term, the market outlook remains a bit challenging, but the more favourable longer-term outlook is gradually starting to materialise, as seen in the order book development in Q4. We expect a clear improvement in activity from H2 25. The share is valued at a wide discount to peers. We reiterate our fair value range of EUR8.0-9.4.**

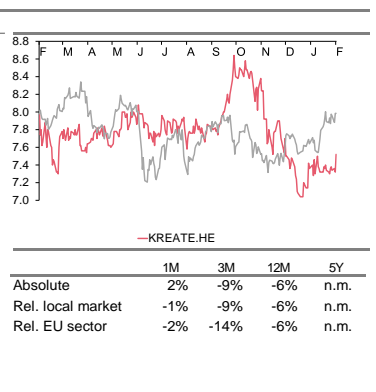
- Impact on the investment case.** Kreate's Q4 earnings disappointed slightly, especially excluding non-recurring gains from the property divestment. The declining sales volumes are diluting margin improvement in the short term, even though the easing inflation, completion of older problem projects and tight selectiveness in new orders are supportive factors (indicated by the 8pp EBITA-margin improvement for full-year 2024). Improved volume development is needed to further support margin levels in the coming years, we believe.
- Market outlook starting to improve.** A bright spot in Kreate's Q4 report was the upturn in the order book, which reached EUR177m in Q4 versus EUR154m in Q3. The sizeable Koskela depot project supported Q4 order intake. The order book does not yet include the already announced major wins of certain railway-related projects (Tampere & Vantaa), which will further strengthen the sales volume visibility in the coming quarters. The longer-term outlook continues to be robust, as indicated by these recent projects wins, driven by the railway projects, the green transition and safety- and security-related projects. The Finnish state's traffic investment project should move to the execution phase during 2026. We expect a clear sales volume improvement to start in H2 25.
- Estimate changes** We have lowered our EBITA estimates for 2025 and 2026 by 14% and 7%, respectively.
- Valuation.** Kreate is trading at EV/EBITDA 2025E of 8.8x, a 26% discount to the peer group.

### Key financials

Year-end Dec (EUR)	2023	2024	2025E	2026E	2027E
Revenues (m)	320	276	301	327	337
Revenues growth	16.9%	-13.9%	9.2%	8.8%	3.0%
EBITDA (m)	14.0	15.3	15.5	17.4	18.5
EBIT adj. (m)	7.0	8.4	9.6	11.5	12.5
EBIT growth	-12.5%	20.0%	14.6%	19.2%	8.8%
Pre-tax profit (m)	4.7	5.9	8.1	10.1	11.2
EPS adj.	0.44	0.52	0.73	0.91	1.01
DPS	0.48	0.50	0.52	0.54	0.56
Dividend yield	6.6%	7.0%	6.9%	7.2%	7.4%
FCFE yield (pre-IFRS16)	35.4%	-3.3%	10.0%	13.4%	13.1%
EBIT margin (adj.)	2.2%	3.0%	3.2%	3.5%	3.7%
Net debt/EBITDA (x)	1.2	2.0	1.9	1.5	1.2
ROIC	8.3%	10.1%	10.5%	12.4%	13.4%
EV/sales (x)	0.2	0.3	0.3	0.2	0.2
EV/EBITDA (adj.) (x)	5.3	5.6	5.7	4.8	4.4
EV/EBITA (adj.) (x)	9.6	9.7	8.8	7.1	6.2
EV/EBIT (adj.) (x)	10.1	9.9	8.8	7.1	6.2
P/E (adj.) (x)	16.4	13.8	10.3	8.3	7.5

Source: Company data, Danske Bank Equity Research estimates

### Price performance



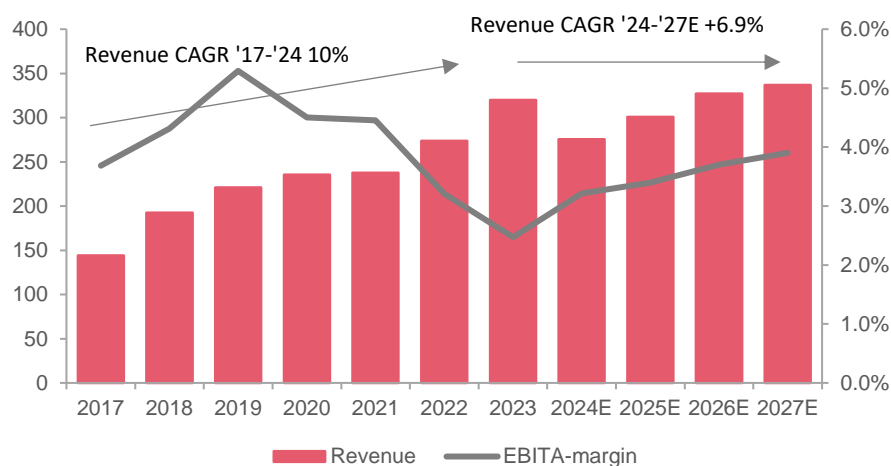
Source: FactSet

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## Investment case

Kreate is an infrastructure construction company in the Finnish market, specialising in complex projects in challenging environments 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 a 2017-24 revenue CAGR of 10% with an average EBITA margin of 3.9%, driven by successful execution of projects. Kreate's financial targets include sales growth of 5-10%, an 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 24				Q2 24				Q3 24				Q4 24				Q1 25E				Q2 25E				Q3 25E				Q4 25E				DBER estimates			
	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E				
Sales	54.4	68.0	77.6	75.5	50.0	76.0	86.0	88.8	275.5	300.8	327.1	337.0																								
EBITA	0.3	2.6	3.1	2.8	0.2	2.8	3.6	3.6	8.9	10.2	12.1	13.1																								
EBIT	0.2	2.6	3.1	2.8	0.2	2.8	3.6	3.6	8.7	10.2	12.1	13.1																								
EBITA margin	0.5%	3.9%	4.1%	3.4%	0.4%	3.7%	4.2%	4.1%	3.2%	3.4%	3.7%	3.9%																								
EBIT margin	0.4%	3.8%	4.0%	3.3%	0.4%	3.7%	4.2%	4.1%	3.2%	3.4%	3.7%	3.9%																								
PTP	-0.6	2.1	2.4	1.9	-0.5	2.3	3.1	3.2	5.9	8.1	10.1	11.2																								
Net profit	-0.5	1.6	1.8	1.6	-0.4	1.8	2.5	2.5	4.6	6.5	8.1	9.0																								
EPS	-0.06	0.18	0.20	0.18	-0.04	0.21	0.28	0.28	0.52	0.73	0.91	1.01																								
DPS									0.50	0.52	0.54	0.56																								

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. 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

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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.

### Q4 24 results review

Kreate's Q4 sales declined by 6% to EUR75.5m (3% below consensus), with EBITA of EUR2.8m, 10% below consensus. The EBITA margin was 3.7% versus 3.3% a year ago and consensus of 4.0%. Profitability was slightly disappointing, especially when taking into account that the Q4 figures included EUR0.7m higher other operating income compared to the previous year arising mainly from the divestment of one property, giving non-recurring support to earnings. However, on a full-year basis, the EBITA margin improved clearly, supported by the easing cost inflation and completion of underperforming older projects where index clauses have not been in use.

A bright spot in the report was the improvement in the order book, increasing to EUR177m in Q4 from EUR153m in Q3 24. However, the order book does not yet include all of the announced bigger railway project wins, Tampere and Vantaa, which should be included in spring-autumn 2025, further improving the volume outlook for the coming years.

The dividend proposed was EUR0.50 versus consensus of EUR0.49.

Table 2. Kreate Q4 figures

EURm	Reported Q4 24	DBER Q4 24E	Consensus Dev.	(LSEG)	Dev.	Actual Q4 23	Change y/y
Sales	75.5	73.4	3%	78.0	-3%	80.2	-6%
<b>EBITA</b>	<b>2.8</b>	<b>3.1</b>	<b>-10%</b>	<b>3.1</b>	<b>-10%</b>	<b>2.7</b>	<b>3%</b>
<b>EBIT</b>	<b>2.8</b>	<b>3.1</b>	<b>-9%</b>	<b>3.0</b>	<b>-7%</b>	<b>2.6</b>	<b>6%</b>
<b>EBITA margin</b>	<b>3.7%</b>	<b>4.2%</b>		<b>4.0%</b>		<b>3.4%</b>	
<b>EBIT margin</b>	<b>3.7%</b>	<b>4.2%</b>		<b>3.8%</b>		<b>3.3%</b>	
PTP	2.0	2.6	--22%	2.5	-20%	1.9	7%
<b>Net profit</b>	<b>1.6</b>	<b>2.4</b>	<b>-32%</b>	<b>2.0</b>		<b>1.6</b>	<b>2%</b>
EPS	0.20	0.26	--24%	0.25	-18%	0.18	13%
DPS	0.50	0.47		0.49		0.48	

Source: Company data, LSEG Data & Analytics, Danske Bank Equity Research (DBER) estimates

### Outlook and financial targets update

At the conference call, management was highly optimistic about the longer-term market outlook. It expects green transition project investments even to reach EUR7-8bn in Finland in 2025, giving sizeable support to construction volumes (EUR2-4bn). The Finnish state's stimulus projects should also enter the execution phase in 2026. However, in the short term, the volume outlook is still a bit weak before the bigger projects start to contribute to sales. The company expects the Finnish infrastructure construction market to grow by 2% in 2025.

For 2025 Kreate is guiding for revenues of EUR290-310m, with EBITA in the range of EUR9-11m. According to Kreate, sales and earnings development will be tilted towards H2 in 2025.

After a slightly soft Q4 development, we have lowered our EBITA estimates for 2025-26 by 14% and 7%, respectively. It seems the recovery will start a bit later than we had earlier expected.

### Valuation

We reiterate our fair value range of EUR8.0-9.4 for Kreate's share. The mid-point implies 10.0x 2025E EV/EBITA (previously 10.6x for 2024E), which is slightly below the historical forward

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EV/EBITA multiple for the peer group. The multiple would also imply a 17-26% discount to the peer group EV/EBITA multiples for 2025-26 (previously 21-34% 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 for 2025E of 8.8x, a 26% discount to the peer group. The valuation discount to peers has increased recently.

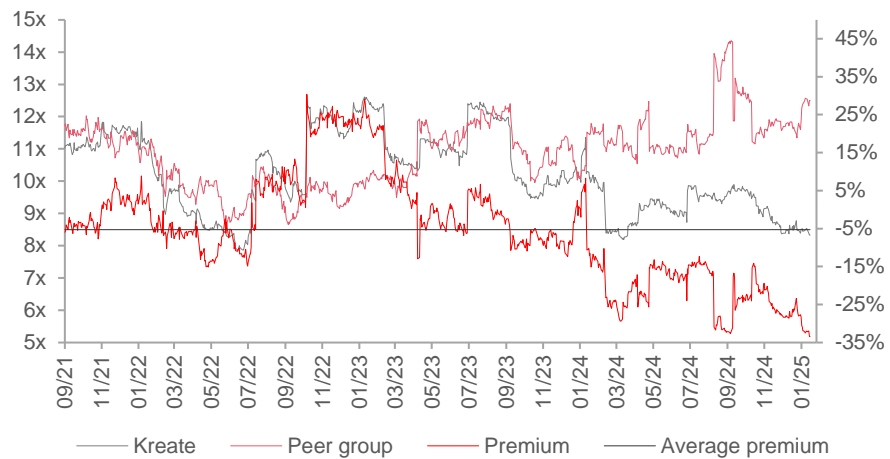
Table 3. Peer group valuation

Company	Ticker	Mkt cap Price*		EV/Sales			EV/EBITA			P/E			Div yield	FCF yield
		Lcl ccy	(lcl ccy)	2024	2025E	2026E	2024	2025E	2026E	2024	2025E	2026E	2024	2024
AF Gruppen	AFG-NO	16712	155.2	0.6	0.6	0.6				27.2	17.2	15.1	3.0	5.9
Bonava	BONAV.B-SE	3123	9.6	0.8	1.1	0.9	330	11.4	6.7	n.a.	n.a.	na	0.0	Na
Consti	CONSTI-FI	82	10.3	0.3	0.3	0.2	8.3	7.2	6.1	11.1	10.1	8.3	7.2	n.a.
JM	JM-SE	10,643	165.2	1.5	1.9	1.7	29.8	15.0	11.8	30.5	25.7	13.4	1.8	n.a.
NCC	NCC.B-SE	18,332	183.8	0.4	0.4	0.3	11.0	12.5	12.0	10.8	12.6	11.3	5.2	10.5
NRC Group	NRC-NO	726	4.2	0.2	0.2	0.2				na	12.1	6.1	0.0	n.a.
Peab	PEAB.B-SE	23,654	79.9	0.6	0.6	0.6	13.6	13.2	11.7	11.9	12.4	11.3	3.4	12.8
Selvaag Boliq	SBO-NO	3,310	35.3	2.1	2.0	1.4	13.2	30.1	12.8	19.6	31.8	14.1	2.6	11.1
Skanska	SKA.B-SE	98,089	233.8	0.5	0.5	0.4	12.7	9.9	9.2	17.5	13.5	13.0	3.2	5.7
SRV	SRV1V-FI	85	4.9	0.2	0.2	0.2	11.0	11.0	6.8	20.2	17.2	6.0	0.0	14.5
Veidekke	VEI-NO	19,569	145.=	0.4	0.4	0.4	11.3.	10.6	10.0	15.9	15.3	14.2	5.8	10.0
YIT	YIT-FI	574	2.5	0.8	0.8	0.7	103.0	23.1	15.1	n.a.	124	22.5	0.0	22.8
<b>Median</b>				<b>0.6</b>	<b>0.5</b>	<b>0.5</b>	<b>13.0</b>	<b>11.9</b>	<b>10.8</b>	<b>13.9</b>	<b>16.2</b>	<b>12.2</b>	<b>3.0</b>	<b>10.5</b>
<b>Kreate bv DBER</b>	<b>KREATE-FI</b>	<b>67</b>	<b>7.5</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>9.7</b>	<b>8.8</b>	<b>7.0</b>	<b>13.8</b>	<b>10.3</b>	<b>8.3</b>	<b>7.0</b>	<b>-3.3</b>

\*Prices as at 13:00 EET on 5 February 2025

Source: Company data, LSEG Data & Analytics, Danske Bank Equity Research estimates

Chart 2. Kreate forward EV/EBIT versus peers



Prices as at 13:00 EET on 5 February 2025

Source: LSEG Data & Analytics, 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.

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- 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.

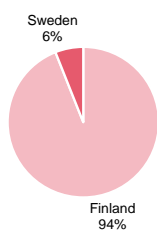
Key personnel leaving the company poses a risk for continuity. The operational competence is held by project directors, project managers, tender calculators, and everyday worksite management. We believe the high level of employee ownership and incentive culture could mitigate the risk.

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.

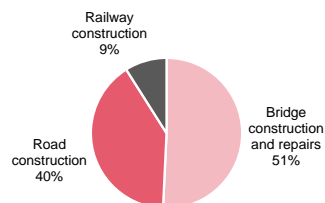
Kreate is exposed to the construction cycle, even though cyclicity is more limited in infrastructure construction than in building construction. The competitive landscape is naturally always tight, but in the most demanding projects requiring special expertise, competition has remained more moderate.

## Company summary

### Sales breakdown by geographical area



### Sales breakdown by division



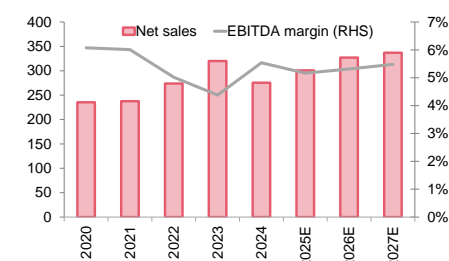
### Company information

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

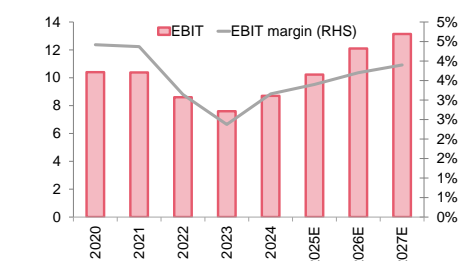
### Main shareholders

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

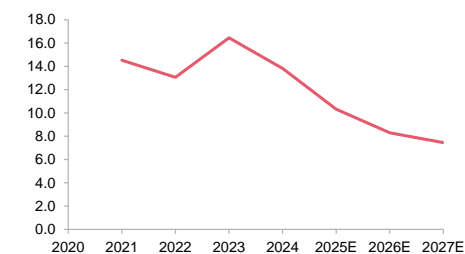
### Net sales and EBITDA margin (EURm)



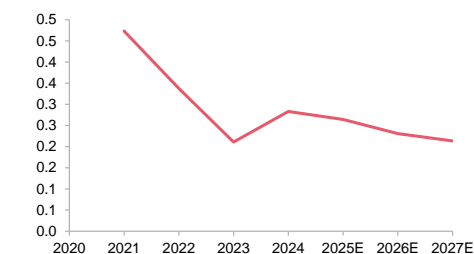
### EBIT and EBIT margin (EURm)



### P/ENTM (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	2024	2025E	2026E
Net sales	144	192	221	235	238	274	320	276	301	327
Cost of sales & operating costs	-136	-182	-206	-221	-223	-260	-306	-260	-285	-310
<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>15.3</b>	<b>15.5</b>	<b>17.4</b>
EBITDA, adj.	7.2	9.2	13.9	13.1	13.6	13.1	13.4	15.0	14.9	16.8
Depreciation	-2.2	-2.4	-3.2	-3.7	-3.7	-5.0	-6.1	-6.4	-5.3	-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>8.9</b>	<b>10.2</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>8.7</b>	<b>10.2</b>	<b>12.1</b>
EBIT, adj.	4.2	6.2	10.5	9.2	9.7	8.0	7.0	8.4	9.6	11.5
Financial items, net	-2.9	-3.0	-1.2	-1.1	-2.1	-2.0	-2.9	-2.8	-2.1	-2.0
<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>5.9</b>	<b>8.1</b>	<b>10.1</b>
Taxes	-0.6	-0.9	-1.6	-1.5	-1.3	-1.1	-0.8	-1.3	-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>4.6</b>	<b>6.5</b>	<b>8.1</b>
Net profit, adj.	1.0	3.8	8.7	7.8	7.9	5.5	3.9	4.6	6.5	8.1
CASH FLOW										
EURm	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
EBITDA	7.5	10.7	14.9	14.3	14.3	13.7	14.0	15.3	15.5	17.4
Change in working capital	11.5	-1.9	5.6	1.6	-4.5	-5.1	17.1	-13.4	0.0	0.8
Net interest paid	0.0	-0.1	-0.2	-0.3	-1.4	-1.9	-2.9	-2.8	-2.1	-2.0
Taxes paid	0.3	-1.0	-1.0	-1.3	-2.1	-1.1	-0.7	-1.3	-1.6	-2.0
Other operating cash items	-0.7	-0.1	0.0	-0.4	-0.2	0.7	2.4	2.1		
<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>-0.3</b>	<b>11.5</b>	<b>13.8</b>
Capex	-2.0	-3.7	-5.0	-4.6	-5.6	-4.6	-6.9	-1.9	-4.8	-5.0
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>-2.2</b>	<b>6.6</b>	<b>8.8</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>-2.2</b>	<b>6.6</b>	<b>8.8</b>
Dividend paid					-4.0	-4.0	-4.1	-4.2	-4.4	-4.6
Share buybacks						-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	-6.5	-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>-10.7</b>	<b>-7.0</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>-12.9</b>	<b>-0.4</b>	<b>1.6</b>
BALANCE SHEET										
EURm	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
Cash & cash equivalents	6.2	6.1	12.7	8.1	6.3	9.4	23.7	10.8	10.4	12.1
Inventory	0.1	0.1	0.0							
Trade receivables	21.8	31.6	32.1	30.4	34.2	49.8	34.6	44.8	47.5	50.7
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	40.4	40.4	40.4
Other intangible assets	1.4	1.0	0.9	1.0	0.9	0.7	0.5	0.3	0.5	0.6
Fixed tangible assets	10.2	12.1	14.1	15.8	17.9	19.9	20.4	18.3	18.2	18.4
Associated companies	7.4	7.9	7.6	8.4	8.9	10.0	10.5	10.5	10.8	11.1
Other non-current assets	0.2	0.3	0.5	0.4	1.1	1.4	1.3	1.1	1.1	1.1
<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>131</b>	<b>134</b>	<b>140</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>43.6</b>	<b>45.6</b>	<b>49.1</b>
Of which minority interests								0.3	0.3	0.3
Current liabilities	27.5	31.9	38.6	38.0	37.2	47.7	49.9	45.7	48.4	52.4
Interest-bearing debt	47.1	32.3	28.4	34.5	25.7	39.9	37.5	35.5	33.5	31.5
Pension liabilities										
Oth non-curr. liabilities	0.3	0.4	0.5	0.7	1.1	1.5	1.5	1.4	1.4	1.4
<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>87.8</b>	<b>88.6</b>	<b>90.7</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>131</b>	<b>134</b>	<b>140</b>
Net debt	40.9	43.5	31.9	26.4	19.4	30.5	13.8	24.7	23.1	19.4

Source: Company data, Danske Bank Equity Research estimates

Summary tables

PER SHARE DATA	2017	2018	2019	2020	2021	2022	2023	2024	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	0.52	0.73	0.91
EPS adj. (EUR)	0.11	0.43	0.97	0.87	0.88	0.62	0.44	0.52	0.73	0.91
DPS (EUR)	0.00	0.00	0.00	0.44	0.45	0.46	0.48	0.50	0.52	0.54
CFFO/share (EUR)	2.0	0.5	1.9	1.3	0.6	0.7	3.3	-0.0	1.3	1.6
Book value/share (EUR)	0.90	1.41	2.24	2.96	4.57	4.78	4.81	4.87	5.10	5.48
MARGINS AND GROWTH	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
EBITDA margin	5.2%	5.6%	6.7%	6.1%	6.0%	5.0%	4.4%	5.5%	5.2%	5.3%
EBITA margin	3.7%	4.3%	5.3%	4.5%	4.5%	3.2%	2.5%	3.2%	3.4%	3.7%
EBIT margin	3.2%	4.0%	5.2%	4.4%	4.4%	3.1%	2.4%	3.2%	3.4%	3.7%
EBIT adj margin	2.9%	3.2%	4.7%	3.9%	4.1%	2.9%	2.2%	3.0%	3.2%	3.5%
Sales growth	33.7%	14.9%	6.4%	1.0%	15.3%	16.9%	-13.9%	9.2%	8.8%	8.8%
EBITDA growth	43.4%	38.7%	-4.0%	-0.1%	-3.8%	2.0%	8.9%	1.8%	11.9%	11.9%
EBITA growth	56.6%	41.0%	-9.4%	-0.2%	-16.9%	-10.0%	12.0%	15.4%	18.4%	18.4%
EPS adj growth		n.m.	n.m.	-10.7%	1.5%	-29.7%	-29.2%	17.7%	41.0%	24.5%
PROFITABILITY	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
ROIC (after tax, incl. GW, adj.)	13.8%	9.3%	15.0%	13.6%	13.2%	9.3%	8.3%	10.1%	10.5%	12.4%
ROIC (after tax, excl. GW, adj.)	49.9%	27.7%	41.3%	39.2%	33.7%	20.4%	20.1%	25.3%	22.9%	27.1%
ROE (adj.)	24.4%	20.1%	26.3%	24.8%	23.4%	13.3%	9.2%	10.6%	14.5%	17.0%
ROIC (adj.) - WACC	4.6%	0.1%	5.8%	4.3%	4.0%	0.1%	-1.0%	0.9%	1.2%	3.2%
MARKET VALUE	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
Share price (EUR)					11.4	8.09	7.22	7.14	7.52	7.52
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
Mkt cap used in EV (m)					102	72	64	64	67	67
Net debt, year-end (m)	41	45	33	28	21	33	17	30	28	25
MV of min/ass and oth (m)	-7	-8	-8	-8	-9	-10	-11	-10	-11	-11
Enterprise value (m)					114	95	70	83	85	81
VALUATION	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
EV/sales (x)					0.48	0.35	0.22	0.30	0.28	0.25
EV/EBITDA (x)					8.4	7.3	5.3	5.6	5.7	4.8
EV/EBITA (x)					11.5	11.6	9.6	9.7	8.8	7.1
EV/EBIT (x)					11.8	11.9	10.1	9.9	8.8	7.1
P/E (reported) (x)					14.5	13.1	16.4	13.8	10.3	8.3
P/E (adj.) (x)					12.9	13.1	16.4	13.8	10.3	8.3
P/BV (x)					2.48	1.69	1.50	1.47	1.48	1.37
EV/invested capital (x)					4.3	2.6	3.5	2.5	2.5	2.4
Dividend yield					3.96%	5.69%	6.65%	7.00%	6.91%	7.23%
Total yield (incl. buybacks)					3.96%	6.38%	7.43%	7.00%	6.91%	7.23%
FCFE-yield					-0.20%	1.95%	35.35%	-3.46%	9.92%	13.22%
FINANCIAL RATIOS	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
Net debt/EBITDA (x)	5.7	3.9	1.8	2.1	1.5	2.5	1.2	2.0	1.9	1.5
Net debt/equity (x), year-end	5.1	2.9	1.3	1.0	0.5	0.8	0.4	0.7	0.6	0.5
Dividend payout ratio	0.0%	0.0%	0.0%	50.7%	57.6%	74.2%	109.3%	96.8%	71.4%	60.0%
Interest coverage (x)	1.5	2.5	9.4	8.8	5.0	4.4	2.6	3.1	4.8	6.0
Cash conversion (FCF/net profit)	n.m.	65.7%	152.4%	110.3%	-2.8%	25.3%	581.4%	-47.9%	102.4%	109.6%
Capex/sales	1.4%	1.9%	2.2%	2.0%	2.4%	1.7%	2.2%	0.7%	1.6%	1.5%
NWC/sales	-3.9%	-0.1%	-2.8%	-3.2%	-1.0%	0.9%	-4.6%	-0.3%	-0.3%	-0.5%
QUARTERLY P&L			Q1 24	Q2 24	Q3 24	Q4 24	Q1 25E	Q2 25E	Q3 25E	Q4 25E
Sales (m)			54.4	68.0	77.6	75.5	50.0	76.0	86.0	88.8
EBITDA (m)			1.6	4.0	4.7	4.9	1.5	4.1	4.9	5.0
EBIT before non-recurring items (m)			0.6	2.8	2.7	2.3	0.4	2.7	3.3	3.2
Net profit (adj.) (m)			-0.1	1.8	1.4	1.5	-0.2	1.7	2.2	2.7
EPS (adj.) (EUR)			-0.01	0.20	0.16	0.17	-0.02	0.19	0.25	0.30
EBITDA margin			2.9%	5.9%	6.1%	6.5%	3.0%	5.4%	5.7%	5.6%
EBIT margin (adj.)			1.1%	4.1%	3.5%	3.0%	0.8%	3.6%	3.9%	3.6%

Source: Company data, Danske Bank Equity Research estimates



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