

KREATE

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INDERES CORPORATE CUSTOMER
COMPANY REPORT



Growth in the cards for the rest of the year

Kreate's revenue decreased in Q1 in line with our expectations, with earnings down year-on-year. In our view, the first half of the year will be weak, and growth will be weighted towards the end of the year, reflecting the typical seasonality of the industry. In Kreate's case, projects in the development phase are seen to increase the order book during the early part of the year, which provides good potential for growth as the market recovers. We believe that the valuation of the share is moderate relative to earnings growth in the coming years, and the expected return is supported by a strong dividend yield. After updating our fair value calculation and with our confidence in the positive drivers of the business strengthened, we raise the target price to EUR 8.6 (was EUR 8.0) and reiterate our Accumulate recommendation.

Revenue declined as expected, with earnings slightly down year-on-year

In Q1, Kreate's revenue decreased by 3.7% to around 52.4 MEUR, which was virtually in line with our forecasts (forecast: 52.7 MEUR). The decline in revenue slowed down in the first quarter as comparison periods eased for Structural engineering (Q1 revenue: -14% y/y), Sweden grew strongly (+15% y/y), and railway projects brought growth in Transport infrastructure (+27% y/y). On the positive side, Kreate's order book grew in Q1 by about 23% to 226 MEUR. The development of the order book supports this year's developments well, and we also estimate it will strengthen in the coming quarters as the railway projects in the development phase enter the work phase.

In Q1, the company's earnings decreased from the comparison period to 0.1 MEUR and were slightly below our forecast (forecast 0.3 MEUR). The EBITA margin was thus 0.1%, while we had expected a margin of 0.6%. In our view, profitability was hurt during the quarter by the low volume level and the still tight competitive situation, which in our view is reflected in price competition. At the bottom of the P&L, financing costs were

slightly lower than we had expected, so earnings per share increased to EUR 0.01 (Q1'24: EUR -0.06), also exceeding our forecast of EUR -0.04.

Reiterated guidance indicates growth for the end of the year

In its guidance, Kreate expects its revenue to grow in 2025 to 290-310 MEUR (2024: 275.5 MEUR). EBITA is expected to grow to 9-11 MEUR (2024: 8.8 MEUR). Our current and near-term forecasts remain unchanged, with only minor fine-tuning, and we expect Kreate's revenue to increase by 7% to 295 MEUR in 2025 and adjusted EBITA to increase to 9.9 MEUR (EBITA-%: 3.4%).

Revenue growth will be driven by railway projects coming into the order book in the spring, which we expect to significantly boost growth in the second half of the year. Profitability will be supported by growing revenue volumes and easing cost pressures. We also see the strengthening order book and the recovering market this year leading the company to earnings growth in the coming years (2024-2027 EPS CAGR: 16%). We see the prolongation of project development phases, the postponement of projects, project-related risks, or the continuation of a weak market outlook further into the fall as risks.

Moderate upside in valuation

In our view, Kreate's valuation looks attractive over the next few years (2025-2026e: EV/EBIT 9x, P/E 10x), especially in the current year, given the company's earnings growth and the opportunities created by the market turnaround. This will also bring Kreate's profitability closer to the normalized 4% level. Relying on our 2025-2026 forecasts and acceptable valuation (EV/EBIT: 10-12x, P/E: 10-12x), we believe the stock has moderate upside. In addition, the dividend yield of around 7% generated by the strong cash flow increases the expected return. The DCF calculation is also well in line with our target price (EUR 8.6), supporting our recommendation.

Recommendation

Accumulate

(was Accumulate)

Target price:

EUR 8.60

(was EUR 8.00)

Share price:

EUR 7.92

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	275.5	295.3	318.9	330.0
growth-%	-14%	7%	8%	4%
EBITA	8.8	9.9	12.1	12.5
EBITA-%	3.2 %	3.4 %	3.8 %	3.8 %
Net income	4.4	6.1	7.8	8.1
EPS (adj.)	0.43	0.69	0.87	0.91
P/E (adj.)	16.5	11.6	9.1	8.7
P/B	1.5	1.6	1.5	1.4
Dividend yield-%	7.0 %	6.4 %	6.7 %	6.8 %
EV/EBIT (adj.)	11.4	10.0	8.1	7.8
EV/EBITDA	6.1	5.9	5.2	4.9
EV/S	0.3	0.3	0.3	0.3

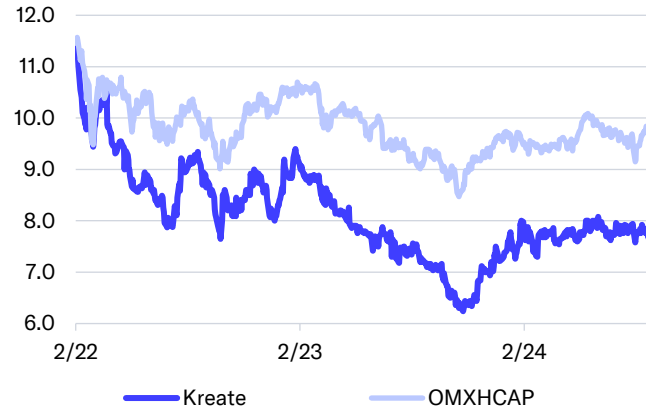
Source: Inderes

Guidance

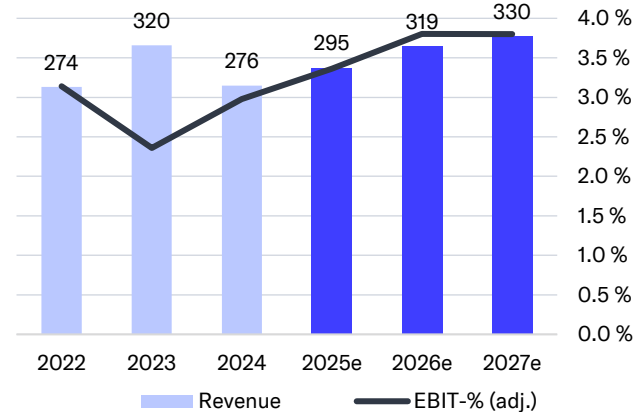
(Unchanged)

Kreate estimates that its revenue in 2025 will increase and be in the range of 290-310 MEUR (2024: 275.5 MEUR) and EBITA will increase and be in the range of 9-11 MEUR (2024: 8.8 MEUR).

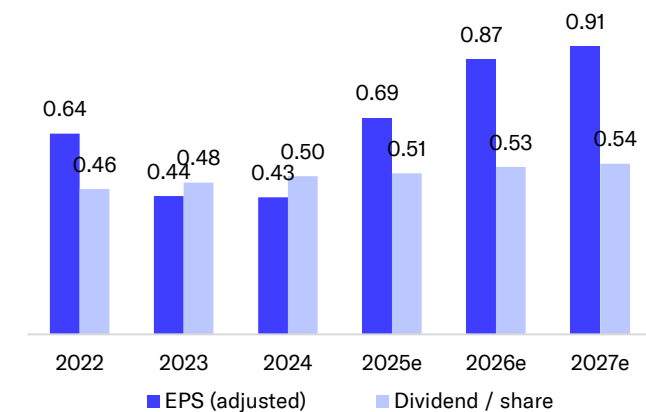
Share price



Revenue and EBIT-% (adj.)



EPS and dividend



Value drivers

- Above-market growth in the medium term
- Clear room for improvement in 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

Risk factors

- The sector is partly dependent on the business cycle, especially on the private side
- Stagnation of public investment
- 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	2025e	2026e	2027e
Share price	7.92	7.92	7.92
Market cap	70	70	70
EV	100	99	97
P/E (adj.)	11.6	9.1	8.7
P/B	1.6	1.5	1.4
EV/Sales	0.3	0.3	0.3
EV/EBITDA	5.9	5.2	4.9
EV/EBIT (adj.)	10.0	8.1	7.8
Payout ratio (%)	74.4 %	60.8 %	59.2 %
Dividend yield-%	6.4 %	6.7 %	6.8 %

Source: Inderes

Sluggish start to the year as expected

Revenue decreased in line with expectations

In Q1, Kreate's revenue decreased by 3.7% to around 52.4 MEUR, which was virtually in line with our forecasts (forecast: 52.7 MEUR). The top-line decline slowed in the first quarter of the year as projects got underway and the comparison figures eased.

By business area, revenue of the Structural engineering decreased by 14% to 34.5 MEUR, while the Transport infrastructure revenue increased by 27% to 16.9 MEUR, based on projects received. Large bridge projects have decreased, while railway construction projects have increased, which is reflected in the development of the business areas. By country, revenue developed strongly in Sweden, increasing by 15% to 7.5 MEUR, but still falling short of our forecast of 9.1 MEUR. In Finland, on the other hand, business developed slightly better than we expected, with revenue decreasing by 6% to 44.9 MEUR (forecast: 43.6 MEUR).

On the positive side, Krete's order book grew in Q1 by about 23% to 226 MEUR. The development of the order book supports this year's developments well, and we also estimate it will strengthen in the coming quarters as the railway projects in the development phase enter the work phase.

Profitability developed slightly softer than we expected

Kreate's earnings decreased slightly from the comparison period to 0.1 MEUR and were slightly below our forecast (forecast 0.3 MEUR). The EBITA margin was thus 0.1%, while we had expected a margin of 0.6%. In our view, profitability was hurt during the quarter by the low volume level and the still tight competitive situation, which in our view is reflected in price competition.

At the bottom of the P&L, financing costs were slightly lower than we had expected, so earnings per share increased to EUR 0.01 (Q1'24: EUR -0.06), also exceeding

our forecast of EUR -0.04.

Cash flow growth picked up early in the year

A small positive is the improved cash flow during the first part of the year (operative free cash flow Q1'25: 6.0 MEUR vs. Q1'24: -3.1 MEUR), which was supported by the favorable development of net working capital. Kreate's financial position also remained stable (net debt/adjusted EBITA: 1.6x), and the company's strengthened order book supports growth for the coming quarters. However, successful working capital management continues to play a key role, so cash flow development is still worth monitoring as the year progresses.

Estimates	Q1'24	Q1'25	Q1'25e	Q1'25e	Consensus	Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes
Revenue	54.4	52.4	52.7				-1%
EBITA	0.3	0.1	0.3				-70%
EBIT	0.2	0.0	0.3				-100%
PTP	-0.6	0.0	-0.4				100%
EPS (reported)	-0.07	0.01	-0.04				122%
Revenue growth-%	-17.3 %	-3.7 %	-3.1 %				-0.5 pp
EBITA-%	0.5 %	0.2 %	0.6 %				-0.4 pp

Source: Inderes

Guidance anticipates growth weighted towards the end of the year

Guidance remained unchanged

In its guidance, Kreate expects its revenue to grow in 2025 to 290-310 MEUR (2024: 275.5 MEUR). EBITA is expected to grow to 9-11 MEUR (2024: 8.8 MEUR). The market situation in construction remains difficult and competition in infrastructure is still tight, in addition to which the deteriorating global economic situation brings uncertainty to the outlook. The near-term outlook for infrastructure remains expectant, with better performance expected towards the end of the year. For Kreate, the Swedish market looks strong at the moment, but the situation in Finland is more stable. In Kreate's case, projects in the development phase are seen to increase the order book during the early part of the year, which provides good potential for growth as the market recovers.

Estimates	Q1'24	Q1'25	Q1'25e	Q1'25e	Consensus		Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	54.4	52.4	52.7				-1%	295
EBITA	0.3	0.1	0.3				-70%	9.9
EBIT	0.2	0.0	0.3				-100%	9.9
PTP	-0.6	0.0	-0.4				100%	7.2
EPS (reported)	-0.07	0.01	-0.04				122%	0.63
Revenue growth-%	-17.3 %	-3.7 %	-3.1 %				-0.5 pp	7.2 %
EBITA-%	0.5 %	0.2 %	0.6 %				-0.4 pp	3.4 %

Source: Inderes

Our forecasts remain virtually unchanged

The forecasts are based on a recovery in the market in the second half of this year

- Following the Q1 report, we reviewed the company's net financing expenses, which led to an increase in our EPS forecasts for the current and coming years, while our operating forecasts remained largely unchanged
- We expect the infrastructure market to remain quiet in H1'25, with revenue growth picking up towards the end of the year
- Growth will be driven by railway projects not in the order book and under development and projects resulting from a recovering market
- Projects in the development phase are expected to enter the construction phase in the spring and fall of 2025
- Fierce competition is expected to continue this year, reducing the scope for margin improvement
- Margin improvement this year is supported by increased volumes, moderating cost pressures and an increase in the relative share of the more profitable Swedish business
- We expect growth to continue strongly in 2026-2027, as large won projects are fully underway, the order book strengthens and the market grows
- In our view, the recovery of the market will also reduce the prevailing tight competition and the price competition seen in the sector
- Higher volumes and improved project margins as project mix broadens will support margin improvement and earnings growth in 2026-2027

Operational earnings drivers 2025-2027

- Turnaround in the infrastructure market towards growth and rising volumes
- Moderation of cost pressures
- Leverage from rising volumes
- Realization of growth investments in rail construction and Sweden
- Easing of competitive pressure as other new construction recovers

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	296	295	0%	319	319	0%	331	330	0%
EBITA	10.3	9.9	-3%	12.2	12.1	-1%	12.7	12.5	-1%
EBIT	10.3	9.9	-3%	12.2	12.1	0%	12.7	12.5	-1%
PTP	7.5	7.2	-4%	9.4	9.9	5%	9.9	10.3	4%
EPS (excl. NRIs)	0.63	0.60	-5%	0.80	0.87	9%	0.84	0.91	8%
DPS	0.51	0.51	0%	0.53	0.53	0%	0.54	0.54	0%

Source: Inderes

Kreate, Webcast, Q1'25



Moderate upside in valuation

Moderate upside in absolute multiples

With a gradually improving market and a positive earnings trend, we forecast Kreate's earnings to grow in 2025 and bring the valuation down to a neutral level (2025e: EV/EBIT: 10x, P/E: 12x). During 2026, the profit level will start to approach Kreate's normalized level of approximately 4%, at which point the valuation is very attractive (2026e: EV/EBIT: 8x, P/E: 9x). Relying on our 2025-2026 forecasts and acceptable valuation (EV/EBIT: 10-12x, P/E: 10-12x), we believe the stock has moderate upside.

If the market and Kreate's business develop as expected, we see the pricing relying more strongly on the normalized earnings level of the coming years, in which case there would also be more upside in the valuation. The risks related to the prolonged weakness of the economic cycle and the continued tight competition, however, keep uncertainty high and, in our view, the upside potential moderate in the short term. The 7% dividend yield, enabled by the business model's normally strong cash flow and low investment need, supports the share's expected return well in the coming years. Kreate has expressed its intention to pay an increasing dividend, and we believe the company has the potential to do so, even if the dividend/earnings-% rises above 50% in the near future. The business does not require significant investments, and the company also has financing capacity for growth investments.

Valued at a discount compared to peers

A good peer group of Nordic listed companies in the industry is available for Kreate. However, in our view, the peer valuation level for 2025 is reasonably high (2025e median EV/EBIT: 11x, P/E: 13x). For 2026, the valuation

decreases to a more moderate level for the entire peer group (2026e median EV/EBIT: 10x, P/E: 12x) and Kreate trades at approximately a 11-15% discount to the peer group median in both years. In our view, considering Kreate's return on capital employed (2024 ROCE-%: 13.1%) and earnings growth (2024-2027 CAGR: 16%), the discount is not justified, and we currently accept peer-level valuation for Kreate. However, the valuation of peers varies between a clear premium and a discount as forecast uncertainty for the companies is high. In this sense, we believe that relative valuation is not very useful and therefore do not give it significant weight.

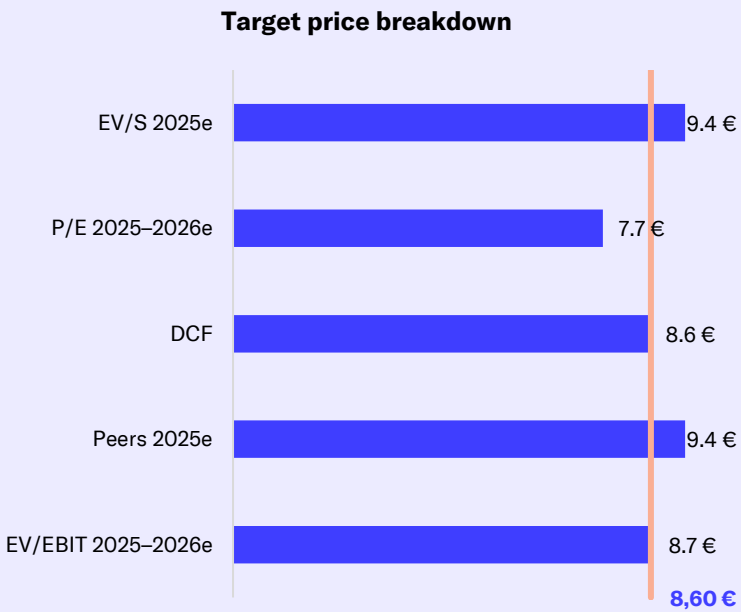
The DCF model supports our target price

We also use DCF in the valuation. In our model, the company's revenue growth stabilizes at 1.5% in the terminal period after stronger medium-term growth, and the EBIT margin is 3.5% of revenue. This is below the company's target level of over 5% EBITA margin. We do not consider it justified to raise the forecast level to the target level before concrete evidence of higher profitability than in the recent past and in line with the targets.

We have raised Kreate's cost of capital (WACC) to 9.5% to better reflect both the average level of the companies we monitor and Kreate's risk profile relative to the peer group. The cost of equity for Kreate is 11.0%. The DCF model estimates Kreate's share value to be approximately EUR 8.6, which is well in line with our target price.

Valuation	2025e	2026e	2027e
Share price	7.92	7.92	7.92
Market cap	70	70	70
EV	100	99	97
P/E (adj.)	11.6	9.1	8.7
P/B	1.6	1.5	1.4
EV/Sales	0.3	0.3	0.3
EV/EBITDA	5.9	5.2	4.9
EV/EBIT (adj.)	10.0	8.1	7.8
Payout ratio (%)	74.4 %	60.8 %	59.2 %
Dividend yield-%	6.4 %	6.7 %	6.8 %

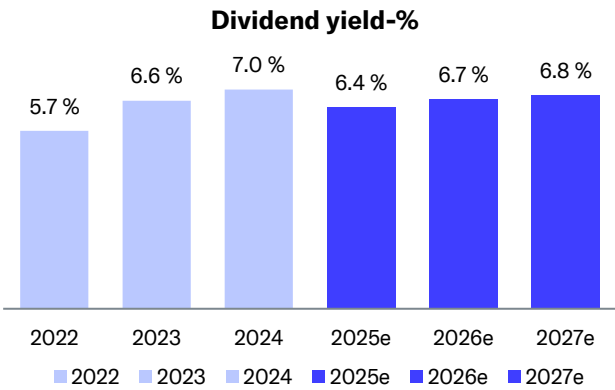
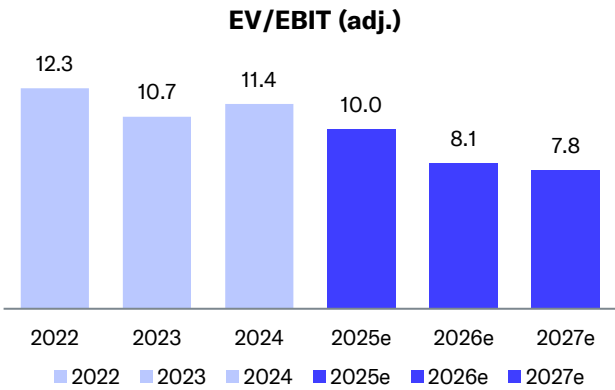
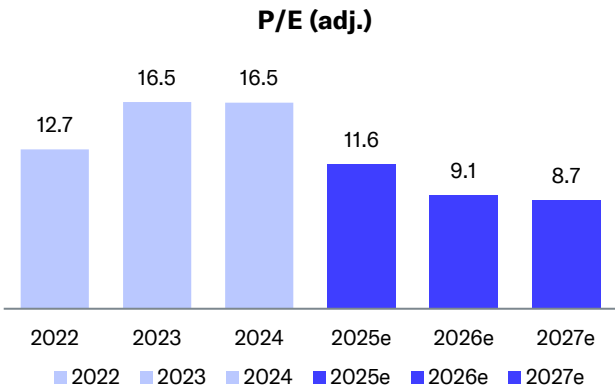
Source: Inderes



Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price		11.4	8.09	7.22	7.14	7.92	7.92	7.92	7.92
Market cap		99	73	64	64	70	70	70	70
EV		120	106	81	94	100	99	97	95
P/E (adj.)		12.6	12.7	16.5	16.5	11.6	9.1	8.7	8.2
P/B		2.4	1.7	1.5	1.5	1.6	1.5	1.4	1.3
EV/Sales		0.5	0.4	0.3	0.3	0.3	0.3	0.3	0.3
EV/EBITDA		8.4	7.8	5.8	6.1	5.9	5.2	4.9	4.6
EV/EBIT (adj.)		11.6	12.3	10.7	11.4	10.0	8.1	7.8	7.3
Payout ratio (%)		56.4 %	72.4 %	109.7 %	102.0 %	74.4 %	60.8 %	59.2 %	58.1 %
Dividend yield-%		4.0 %	5.7 %	6.6 %	7.0 %	6.4 %	6.7 %	6.8 %	7.1 %

Source: Inderes



The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/Liikevaihto		P/E		Dividend yield-%		P/B
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
YIT Oyj	556	1411	28.2	17.5	19.4	13.5	0.8	0.7		29.2		1.0	0.7
NRC Group ASA	76	128	10.7	7.2	4.5	3.7	0.2	0.2	16.3	7.3	4.4	6.7	0.5
Veidekke ASA	1699	1585	10.9	10.2	6.7	6.3	0.4	0.4	15.2	14.2	6.4	6.8	6.1
Sdiptech AB (publ)	649	649	7.6	7.0	5.4	5.0	1.3	1.2	14.8	12.2			1.4
Ncc AB	1693	1838	11.0	10.3	6.5	6.3	0.3	0.3	12.7	11.7	4.9	5.3	2.0
Peab AB	2076	3257	14.7	12.8	9.0	8.2	0.6	0.6	12.9	10.8	4.3	4.9	1.3
Skanska AB	8165	7468	9.8	9.1	7.6	7.2	0.4	0.4	12.5	11.6	4.1	4.4	1.4
SRV Yhtiot Oyj	87	217	9.6	9.6	7.8	7.6	0.3	0.3	6.7	6.1	4.3	5.3	0.7
Consti Oyj	81	82	6.9	6.9	5.3	5.1	0.3	0.2	8.8	8.8	7.1	7.4	1.8
Kreate (Inderes)	70	100	10.0	8.1	5.9	5.2	0.3	0.3	11.6	9.1	6.4	6.7	1.6
Average			12.2	10.1	8.0	7.0	0.5	0.5	12.5	12.4	5.1	5.2	1.8
Median			10.7	9.6	6.7	6.3	0.4	0.4	12.8	11.6	4.4	5.3	1.4
Diff-% to median			-6%	-15%	-11%	-19%	-23%	-26%	-9%	-21%	46%	27%	15%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	273.9	320.0	54.4	68.0	77.6	75.5	275.5	52.4	69.1	84.7	89.2	295.3	318.9	330.0	338.4
Finland	0.0	298	47.9	61.6	67.5	65.6	242.6	44.9	60.7	73.6	76.8	255.9	272.6	279.1	284.4
Sweden	0.0	22.5	6.5	6.4	10.1	9.9	32.9	7.5	8.4	11.1	12.4	39.4	46.3	50.9	54.0
EBITDA	13.6	14.0	1.6	4.1	4.7	4.9	15.3	1.5	4.0	5.2	5.9	16.7	19.1	19.9	20.9
Depreciation	-5.0	-6.4	-1.4	-1.5	-1.6	-2.1	-6.6	-1.5	-1.6	-1.6	-2.1	-6.8	-7.0	-7.4	-7.9
EBITA	8.8	7.8	0.3	2.6	3.1	2.8	8.8	0.0	2.4	3.6	3.8	9.9	12.1	12.5	13.0
EBIT (excl. NRI)	8.6	7.6	0.2	2.6	3.1	2.3	8.2	0.0	2.4	3.6	3.8	9.9	12.1	12.5	13.0
EBIT	8.6	7.6	0.2	2.6	3.1	2.8	8.7	0.0	2.4	3.6	3.8	9.9	12.1	12.5	13.0
Net financial items	-1.9	-2.9	-0.8	-0.5	-0.7	-0.8	-2.8	-0.7	-0.7	-0.8	-0.6	-2.8	-2.2	-2.2	-2.1
PTP	6.7	4.7	-0.6	2.1	2.4	2.0	5.9	-0.7	1.8	2.8	3.2	7.2	9.9	10.3	10.9
Taxes	-1.1	-0.7	0.1	-0.5	-0.6	-0.4	-1.3	0.1	-0.4	-0.6	-0.7	-1.4	-1.7	-1.8	-1.9
Minority interest	0.2	-0.2	-0.1	-0.2	-0.1	0.1	-0.2	-0.1	-0.1	-0.1	-0.1	-0.4	-0.4	-0.4	-0.4
Net earnings	5.8	3.7	-0.6	1.4	1.8	1.8	4.4	-0.7	1.3	2.2	2.5	5.3	7.8	8.1	8.6
EPS (adj.)	0.64	0.44	-0.07	0.16	0.20	0.20	0.49	-0.07	0.15	0.24	0.28	0.69	0.87	0.91	0.96
EPS (rep.)	0.64	0.44	-0.07	0.16	0.20	0.20	0.49	-0.07	0.15	0.24	0.28	0.60	0.87	0.91	0.96

Key figures	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	15.3 %	16.8 %	-17.3 %	-20.7 %	-12.1 %	-5.9 %	-13.9 %	-3.7 %	1.6 %	9.2 %	18.1 %	7.2 %	8.0 %	3.5 %	2.5 %
Adjusted EBITA growth-%	-16.9 %	-10.5 %	-77.3 %	9.2 %	4.4 %	22.6 %	12.0 %	-100.0 %	-6.1 %	17.7 %	36.1 %	13.2 %	22.1 %	3.4 %	3.9 %
Adjusted EBITA-%	3.2 %	2.4 %	0.5 %	3.8 %	4.0 %	3.7 %	3.2 %	0.0 %	3.5 %	4.3 %	4.3 %	3.4 %	3.8 %	3.8 %	3.8 %
Adjusted EBIT-%	3.1 %	2.4 %	0.4 %	3.8 %	4.0 %	3.1 %	3.0 %	0.0 %	3.5 %	4.3 %	4.3 %	3.4 %	3.8 %	3.8 %	3.8 %

Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	75.6	75.8	78.0	80.2	82.3
Goodwill	40.0	40.4	40.4	40.4	40.4
Intangible assets	0.5	0.3	0.4	0.4	0.4
Tangible assets	23.3	23.5	25.6	27.8	30.0
Associated companies	10.5	10.5	10.5	10.5	10.5
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.3	0.2	0.2	0.2	0.2
Deferred tax assets	1.0	0.9	0.9	0.9	0.9
Current assets	59.0	55.6	56.8	61.3	63.4
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.7	0.7	0.7	0.7	0.7
Receivables	34.6	44.1	44.3	47.8	49.5
Cash and equivalents	23.6	10.8	11.8	12.8	13.2
Balance sheet total	135	131	135	141	146

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	42.9	43.6	45.2	48.5	51.9
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	24.0	25.2	26.8	30.1	33.5
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	18.7	18.0	18.0	18.0	18.0
Minorities	0.1	0.3	0.3	0.3	0.3
Non-current liabilities	33.9	34.5	37.1	35.7	35.1
Deferred tax liabilities	1.5	1.4	1.0	1.0	1.0
Provisions	3.1	3.3	3.3	3.3	3.3
Interest bearing debt	29.4	29.8	32.8	31.5	30.8
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	57.9	53.3	52.5	57.3	58.8
Interest bearing debt	11.0	10.9	7.9	9.2	9.0
Payables	46.8	42.1	44.3	47.8	49.5
Other current liabilities	0.0	0.3	0.3	0.3	0.3
Balance sheet total	135	131	135	141	146

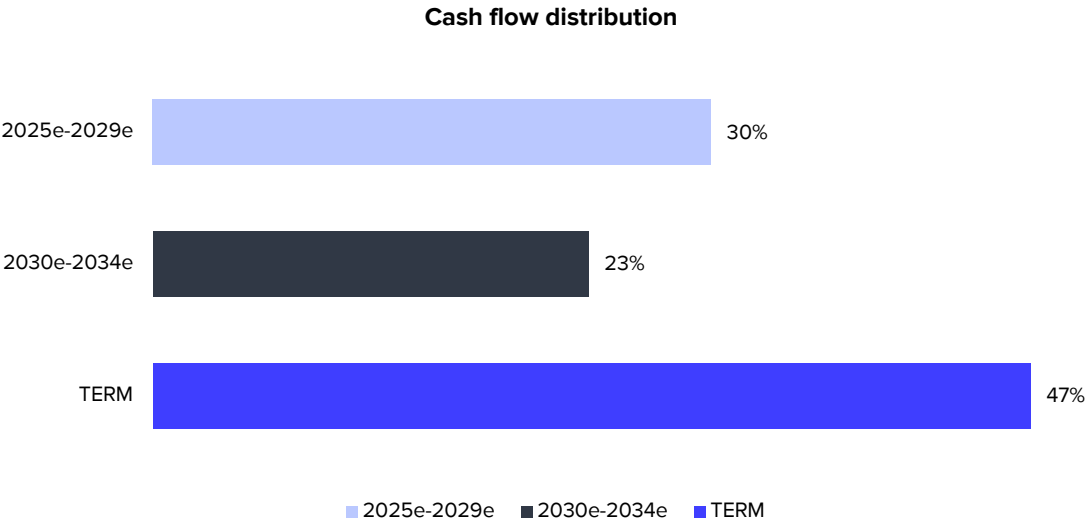
DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-13.9 %	7.2 %	8.0 %	3.5 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	1.5 %	1.5 %
EBIT-%	3.2 %	3.4 %	3.8 %	3.8 %	3.8 %	4.1 %	4.0 %	4.0 %	4.0 %	3.5 %	3.5 %	3.5 %
EBIT (operating profit)	8.7	9.9	12.1	12.5	13.0	14.2	14.1	14.4	14.7	13.1	13.3	
+ Depreciation	6.6	7.0	7.0	7.4	7.9	8.4	8.7	9.1	9.4	9.7	9.9	
- Paid taxes	-1.3	-1.8	-1.7	-1.8	-1.9	-2.1	-2.1	-2.2	-2.3	-2.1	-2.1	
- Tax, financial expenses	-0.6	-0.4	-0.4	-0.4	-0.4	-0.4	-0.3	-0.3	-0.3	-0.2	-0.2	
+ 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	-13.9	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	-0.6	16.7	17.0	17.7	18.6	20.0	20.4	20.9	21.5	20.4	20.9	
+ Change in other long-term liabilities	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-6.9	-9.1	-9.3	-9.5	-9.7	-9.8	-10.0	-10.2	-10.4	-10.6	-10.8	
Free operating cash flow	-7.3	7.6	7.7	8.2	9.0	10.2	10.3	10.7	11.0	9.8	10.0	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-7.3	7.6	7.7	8.2	9.0	10.2	10.3	10.7	11.0	9.8	10.0	127
Discounted FCFF		7.2	6.6	6.4	6.4	6.6	6.1	5.8	5.5	4.4	4.1	52.4
Sum of FCFF present value		112	105	97.9	91.5	85.0	78.4	72.2	66.4	61.0	56.5	52.4
Enterprise value DCF		112										
- Interest bearing debt		-40.7										
+ Cash and cash equivalents		10.8										
-Minorities		-0.5										
-Dividend/capital return		-4.4										
Equity value DCF		76.9										
Equity value DCF per share		8.6										

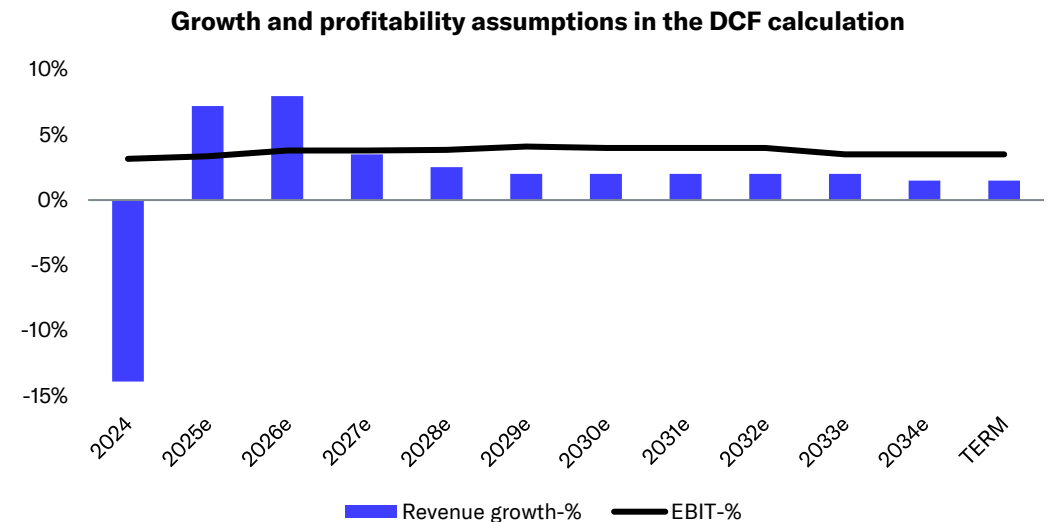
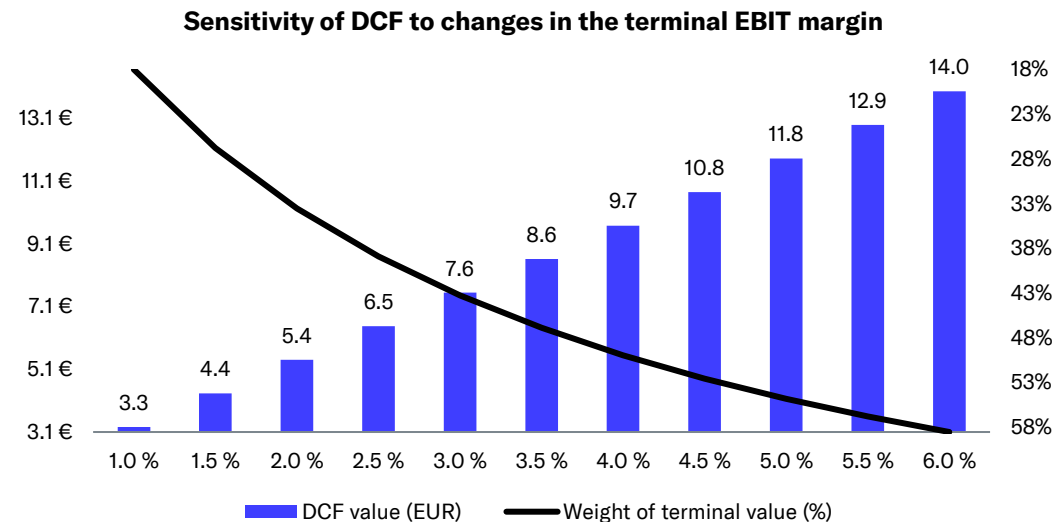
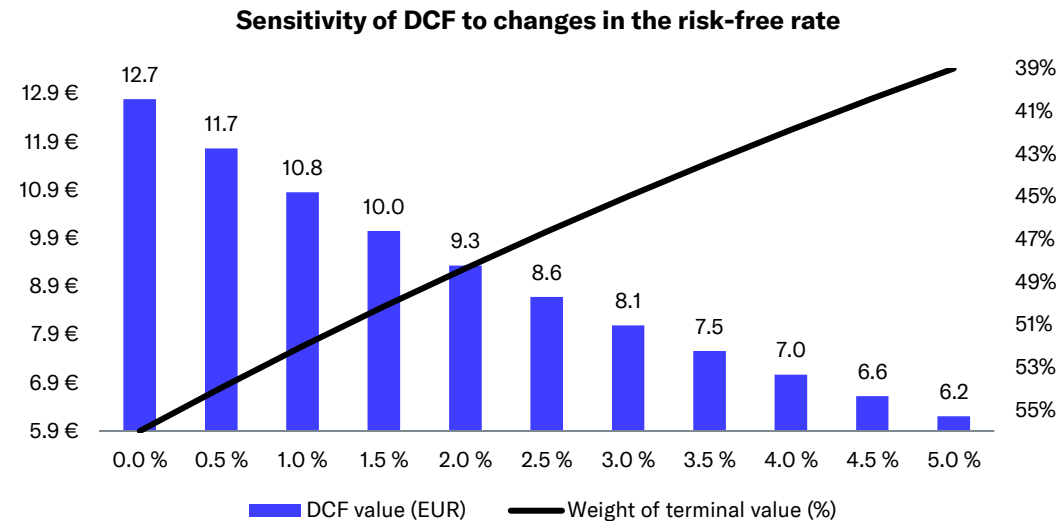
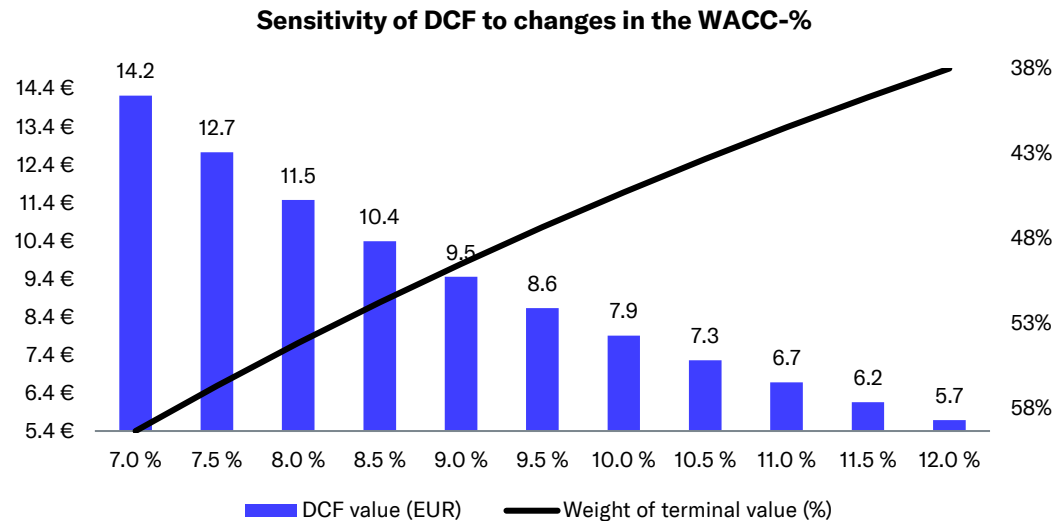
WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.5 %
Equity Beta	1.50
Market risk premium	4.75%
Liquidity premium	1.40%
Risk free interest rate	2.5 %
Cost of equity	11.0 %
Weighted average cost of capital (WACC)	9.5 %

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	2023	2024	2025e	2026e	Per share data	2023	2024	2025e	2026e
Revenue	320.0	275.5	295.3	318.9	EPS (reported)	0.44	0.49	0.69	0.87
EBITDA	14.0	15.3	16.9	19.1	EPS (adj.)	0.44	0.43	0.69	0.87
EBIT	7.6	8.7	9.9	12.1	OCF / share	3.25	-0.07	1.88	1.91
PTP	4.7	5.9	7.9	9.9	OFCF / share	2.64	-0.82	0.86	0.87
Net Income	3.9	4.4	6.1	7.8	Book value / share	4.81	4.87	5.05	5.42
Extraordinary items	0.0	0.5	0.0	0.0	Dividend / share	0.48	0.50	0.51	0.53
Balance sheet	2023	2024	2025e	2026e	Growth and profitability	2023	2024	2025e	2026e
Balance sheet total	134.6	131.4	134.8	141.5	Revenue growth-%	17%	-14%	7%	8%
Equity capital	42.9	43.6	45.2	48.5	EBITDA growth-%	3%	9%	11%	13%
Goodwill	40.0	40.4	40.4	40.4	EBIT (adj.) growth-%	-12%	9%	21%	22%
Net debt	16.7	29.9	28.9	27.9	EPS (adj.) growth-%	-31%	-1%	58%	27%
Cash flow	2023	2024	2025e	2026e	EBITDA-%	4.4 %	5.5 %	5.7 %	6.0 %
EBITDA	14.0	15.3	16.9	19.1	EBIT (adj.)-%	2.4 %	3.0 %	3.4 %	3.8 %
Change in working capital	15.9	-13.9	2.0	0.0	EBIT-%	2.4 %	3.2 %	3.4 %	3.8 %
Operating cash flow	28.9	-0.6	16.7	17.0	ROE-%	9.1 %	10.1 %	13.8 %	16.7 %
CAPEX	-6.8	-6.9	-9.1	-9.3	ROI-%	9.0 %	10.4 %	11.7 %	13.9 %
Free cash flow	23.4	-7.3	7.6	7.7	Equity ratio	31.9 %	33.2 %	33.6 %	34.3 %
Valuation multiples	2023	2024	2025e	2026e	Gearing	39.0 %	68.6 %	63.8 %	57.6 %
EV/S	0.3	0.3	0.3	0.3					
EV/EBITDA	5.8	6.1	5.9	5.2					
EV/EBIT (adj.)	10.7	11.4	10.0	8.1					
P/E (adj.)	16.5	16.5	11.6	9.1					
P/B	1.5	1.5	1.6	1.5					
Dividend-%	6.6 %	7.0 %	6.4 %	6.7 %					

Source: Inderes

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Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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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	Reduce	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 €
2/6/2025	Accumulate	8.00 €	7.50 €
4/25/2025	Accumulate	8.60 €	7.92 €



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