

# NIBE Industrier B

## Company report

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Lucas Mattsson  
+46 731589485  
lucas.mattsson@inderes.com

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# Short-term headwinds stronger than expected

We have updated our short- and medium-term forecasts for NIBE, in the light of that market indicators currently shows a slower European heat pump market than expected. In accordance with the low demand situation and high inventory levels, 2024 profit level is expected to fall. Thus, the short-term valuation multiples that reflects this are not particularly attractive. However, in our view, the share is fairly priced to the earnings level in medium term. Thus, we reiterate our Reduce recommendation with a lowered target price of SEK 59.0 (prev. 62.0) per share.

## Expecting a drop in heat pump sales in Q4'23

NIBE will report its Q4'23 results on Friday at 8.00 am CET. With our updated estimates we expect NIBE's Q4 revenue will have experienced relatively flat growth, reaching 11.7 BNSEK, slightly below the consensus of 11.9 BNSEK. We estimate that the negative organic growth (some -5%) was weighed up acquired growth, driven mainly by the acquisition of Climate For Life. Furthermore, we expect that declining sales volumes and an ongoing ambitious investment program will exert pressure on relative profitability compared to the high levels seen in 2022. Given that NIBE does not disclose order intake and there is limited visibility into growth prospects for 2024, we will focus our attention on forward-looking comments regarding the demand outlook and inventory levels in the upcoming report.

## We have adjusted our estimates due to recent market development

Despite many European countries completing reviews of their incentive programs for heat pump installations, demand remains low due to several factors. These include less generous incentive programs, an unfavorable correlation between electricity and gas prices, a sluggish construction market, and high interest rates impacting consumer demand. While delivery times have returned to more normal levels, elevated inventory levels in the value chain indicate that wholesalers and installers are likely to reduce their stocks, resulting in decreased demand and lower profits in the short term.

Although we maintain our confidence in the long-term drivers of green energy efficiency demand, recent market developments have resulted in a more cautious short-term outlook. Consequently, we have revised down our revenue and EBIT estimates for NIBE by approximately 2-4% in Q4'23, primarily due to weaker demand in Europe. We anticipate that the mentioned short-term challenges will have full impact in the first half of 2024, with a gradual recovery in demand expected in the second half of 2024 and in 2025. However, we do not foresee a sharp recovery in 2025, as it typically takes time for high inventory levels in the value chain to normalize, and potential interest rate decreases in H2'24 may have a lagging effect on households. As a result, we have adjusted our organic growth estimates downward by approximately 7-5% and EBIT estimates by around 14-10% for the years 2024-2025.

## Negative expected return in short-term

With our updated estimates our assessment of NIBE's earnings multiples for 2024 still appears high (2024e P/E 29x) and only next years P/E of 25x and EV/EBIT of 19x looks neutral. The dividend yield for the next 12 months is marginal (1.2%) and does not offer dear support for expected return. While we recognize NIBE as a high-quality company with favorable long-term outlook, the short-term indicators are in the red and we remain unconvinced that the risks currently justify the potential rewards.

## Recommendation

**Reduce**  
(prev. Reduce)

**59.0 SEK**  
(prev. 62.0 SEK)

**Share price:**  
66.5 SEK



## Key indicators

	2022	2023e	2024e	2025e
<b>Revenue</b>	40,071	46,732	47,396	51,107
<b>growth-%</b>	30%	17%	1%	8%
<b>EBIT adj.</b>	5,764	7,060	6,472	7,309
<b>EBIT-% adj.</b>	14.4 %	15.1 %	13.7 %	14.3 %
<b>Net Income</b>	4,351	4,905	4,617	5,419
<b>EPS (adj.)</b>	2.11	2.48	2.29	2.69

<b>P/E (adj.)</b>	46.0	26.8	29.0	24.7
<b>P/B</b>	7.0	4.3	3.9	3.5
<b>Dividend yield-%</b>	0.7 %	1.1 %	1.1 %	1.3 %
<b>EV/EBIT (adj.)</b>	35.1	20.8	22.2	19.2
<b>EV/EBITDA</b>	27.1	16.9	17.1	15.0
<b>EV/S</b>	5.0	3.1	3.0	2.7

Source: Inderes

## Guidance

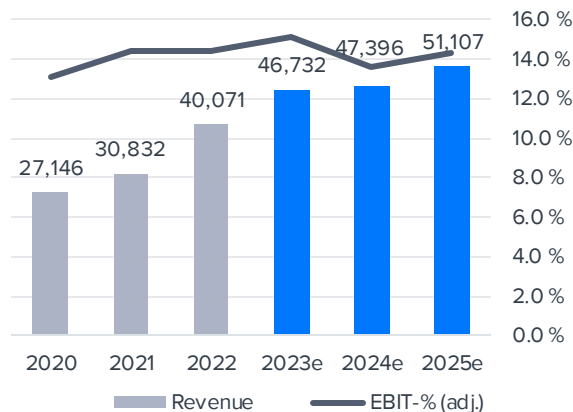
(NIBE provides no guidance)

## Share price



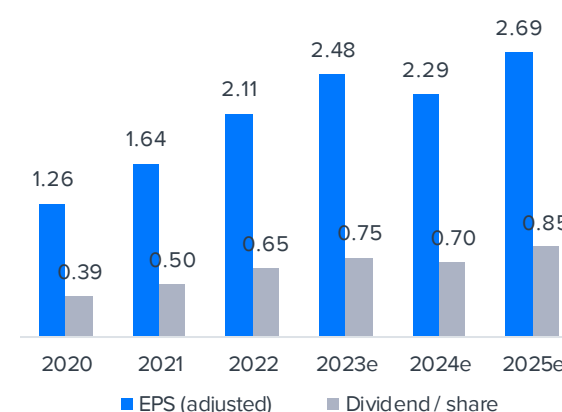
Source: Milistream MarketData AB

## Revenue and EBIT-%



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- Strong market position and globally well-known brands
- Good long-term prospects for renewable energy-based systems
- Energy efficiency investments support growth
- Vertical and horizontal synergies create efficiency and reduce costs



## Risk factors

- Declining new construction market and uncertainty regarding future heat pump subsidies
- Somewhat cyclical demand in Element business area
- Stabilizing energy prices
- Risks generated by acquisitions and/or expansion investments

Valuation	2023e	2024e	2025e
Share price	66.5	66.5	66.5
Number of shares, millions	2,016	2,016	2,016
Market cap	134,068	134,068	134,068
EV	147,074	143,940	140,180
P/E (adj.)	26.8	29.0	24.7
P/E	27.3	29.0	24.7
P/B	4.3	3.9	3.5
P/S	2.9	2.8	2.6
EV/Sales	3.1	3.0	2.7
EV/EBITDA	16.9	17.1	15.0
EV/EBIT (adj.)	20.8	22.2	19.2
Payout ratio (%)	30.8 %	30.6 %	31.6 %
Dividend yield-%	1.1 %	1.1 %	1.3 %

Source: Inderes

# NIBE Industries Q4 on Friday: We anticipate weak end-year performance

NIBE will report its Q4'23 results on Friday at 8.00 am CET. We anticipate a negative organic revenue growth primarily due to weaker demand for heat pumps and strong comparable figures in 2022. Furthermore, falling sales volumes and an ongoing ambitious investment program are expected to squeeze relative profitability from the elevated levels witnessed in 2022. Our attention in the upcoming report will be directed towards forward-looking comments demand and inventory outlook

## We expect a slowdown in heat pump sales

We estimate a slowdown in heat pump sales, with Q4 revenue expected to exhibit relatively flat development, reaching 11.7 BNSEK, slightly below the consensus of 11.9 BNSEK. We expect that the decline in sales can be attributed to lower European demand for heat pumps, stemming from weakened consumer confidence, a sluggish new construction market, and an unfavorable relationship between gas and electricity prices.

Additionally, we anticipate the Element business area to be affected by weaker deliveries of heat pump components, while Stoves is likely to remain negatively impacted by higher interest rates and the general economic downturn.

## Expecting lower margins from record-high levels in 2022

We anticipate a continued increase in fixed costs associated with expanding production capacity across all business areas and acquisition. Moreover, we anticipate gross margins to have declined due to lower sales volumes and elevated inventory levels at distributors. Consequently, we estimate EBIT to be around 1.6 BNSEK, relatively in line with consensus (1.7 BNSEK). While Climate Solutions represents the largest negative driver due to its significant size, we also expect somewhat subdued performance in Stoves and Element, influenced by shifts in demand across various product segments. Moving down the income

statement, we anticipate an increase in financial costs from last year due to higher interest rates and increased debt. Therefore, we expect adjusted EPS to have decreased to SEK 0.55, slightly lower than the consensus. In terms of cash flow, we expect working capital to be released in Q4'23. However, continued large investments in production facilities may somewhat impede the conversion of operating cash flow into free cash flow.

## We remain alert for any signs of further deteriorating outlook

Although NIBE has avoided providing numerical guidance for the group in recent years, and we do not anticipate 2024 to be an exception, the company typically comments on market activity at the divisional level. Expectations of a recovery have been pushed into H2'24, aligning with our estimates. Thus, we remain vigilant for any commentary on growth prospects in the European heat pump market in the short term.

Estimates MSEK / SEK	Q4'22	Q4'23	Q4'23e	Q4'23e	Consensus		2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	11,667		11,739	11,889	11,317	12,828	46,732
EBIT (adj.)	1,896		1,587		-		7,060
EBIT	1,888		1,587	1,670	1,469	2,012	6,968
PTP	1,771		1,387	1,476	1,269	1,840	6,340
EPS (adj.)	0.68		0.55	0.59	0.51	0.71	2.48
EPS (reported)	0.68		0.71	0.00	0.00	0.00	2.43
DPS	0.65		0.75	0.74	0.60	0.90	0.75
Revenue growth-%	39.1%		0.6%	1.9%	-3.0%	10.0%	16.6%
EBIT-%	16.3%		13.5%		-		15.1%

Source: Inderes & Bloomberg (consensus 07.02.24, 11 analysts) (consensus)

# More cautious about short-term outlook

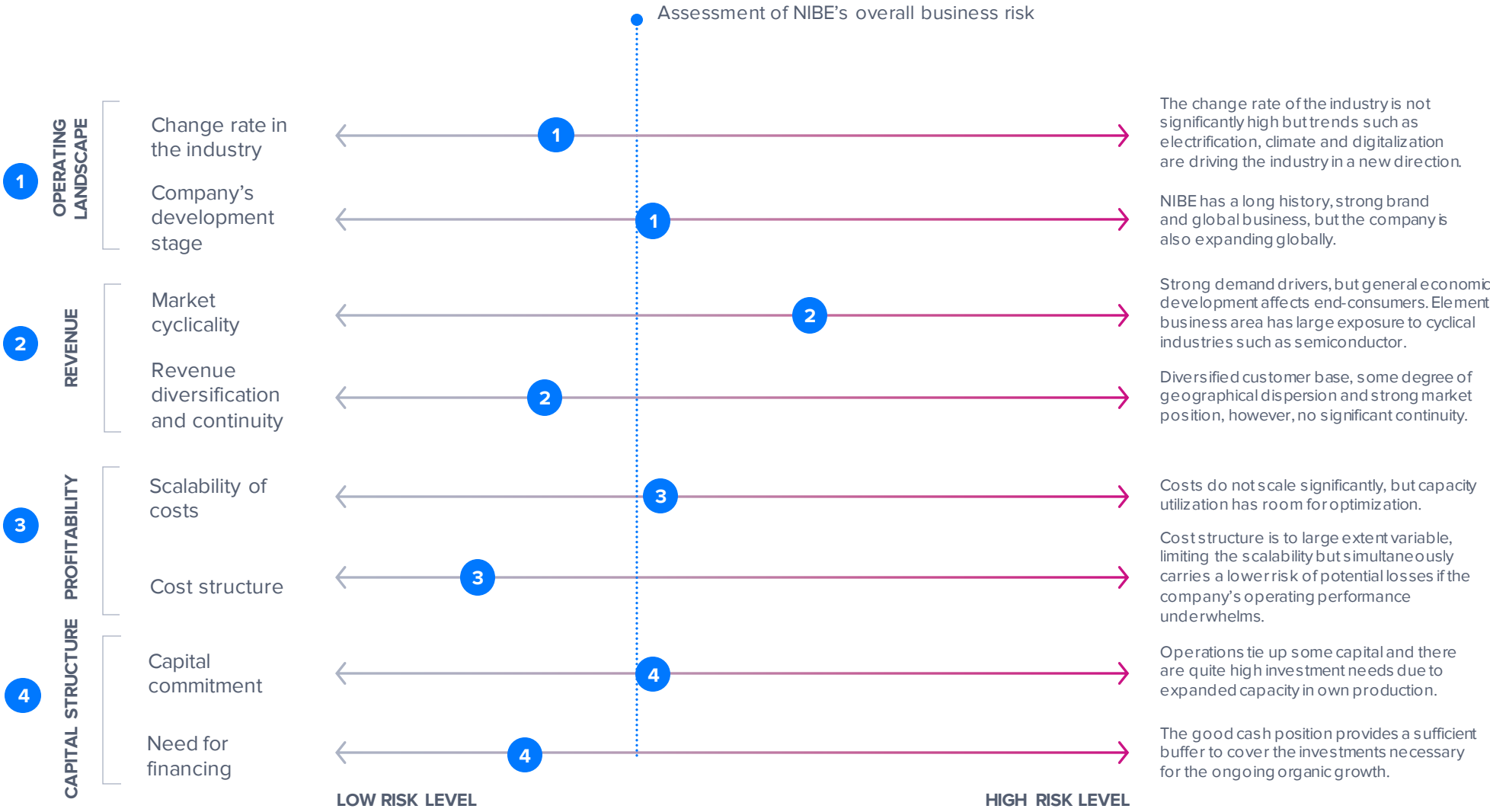
## Estimate changes 2023e-2025e

- We have made modest adjustments in Q4'24, lowering our organic growth estimates by 2% and EBIT estimates by 4% in the Climate Solutions division, primarily due to a slower than expected European heat pump market. We anticipate a weaker growth outlook for Climate Solutions in H1'24, with recovery expected to begin in H2'24 and continue into 2025. However, we do not foresee a rapid recovery due to high inventory levels in the value chain, causing us to revise down our organic growth estimates by 7-5% for 2024 and 2025. While we also made minor reductions in organic growth for the Element segment, attributed to lower component deliveries for heat pumps, we kept our already quite cautious estimates in Stoves.
- Considering the adjustments made to volume forecasts for Climate Solutions and the anticipated pressure on margins due to inventory levels, our adjusted EBIT forecasts for 2024-2025 have been reduced by 14-10% on group level
- While our long-term assumptions remain largely unchanged, we acknowledge that the tightened heat pump market and increased competition have heightened the risk factor associated with our long-term assumptions.

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MSEK / SEK	Old	New	%	Old	New	%	Old	New	%
Revenue	47,515	46,732	-2%	51,026	47,396	-7%	54,041	51,107	-5%
EBITDA	8,974	8,702	-3%	9,575	8,437	-12%	10,117	9,369	-7%
EBIT (exc. NRIs)	7,332	7,060	-4%	7,510	6,472	-14%	8,135	7,309	-10%
EBIT	7,240	6,968	-4%	7,510	6,472	-14%	8,135	7,309	-10%
PTP	6,612	6,340	-4%	6,810	5,893	-13%	7,756	6,955	-10%
EPS (excl. NRIs)	2.57	2.48	-3%	2.61	2.30	-12%	2.98	2.69	-10%
DPS	0.75	0.75	0%	0.80	0.70	-13%	0.95	0.85	-11%

Source: Inderes

# Risk profile of the business model



Source: Inderes

# Still no sufficient risk/return

## Multiples are still in the higher range in short-term

We expect NIBE's earning growth to decline in 2024, due to unfavorable macroeconomic conditions and tough comparable figures. However, in 2025 we expect earnings growth to pick up again supported by interest rates coming down somewhat, stabilizing inventory levels and a general better economic environment.

Our projected earnings multiples for NIBE in 2024 are high, whereas the P/E ratio is 29x and EV/EBIT is 22x. Next year's multiples (2025 P/E 25x and EV/EBIT: 19x) are close to the company's long-term medians and relative to the uncertainties surrounding the operating environment and current interest rates expectations, we view them as quite neutral.

## Peer valuation and DCF model not in the green either

Compared to peers, NIBE is currently priced at a premium which we, considering NIBE's high profitability and robust earnings growth, believe is justified. However, we believe that the short-term valuation premium is too big, around 40% based on 2024 earnings multiples. Although peers' consensus forecasts may of course be based on a more optimistic market and economic growth forecast than our scenario.

We also believe the DCF model is a relevant valuation method for NIBE, given the availability of sufficient historical financial information, stability in the industry, consistent growth, and a relatively predictable business. However, the suitability of the model is somewhat lowered due to the company's growth driven by acquisitions. Our organic growth-based estimates may not provide the most accurate

reflection of the company's valuation, because we believe NIBE will generate value through acquisitions also in the future. Additionally, a significant portion of the cash flow (~70%) is attributed to the terminal period, indicating that a substantial portion of the value will be generated in the future.

The value of our DCF model (SEK 59 per share) is slightly lower than the current share price. Therefore, even in the context of DCF, the current valuation do not bring any sufficient expected return.

## Expected return is still too thin even in medium-term

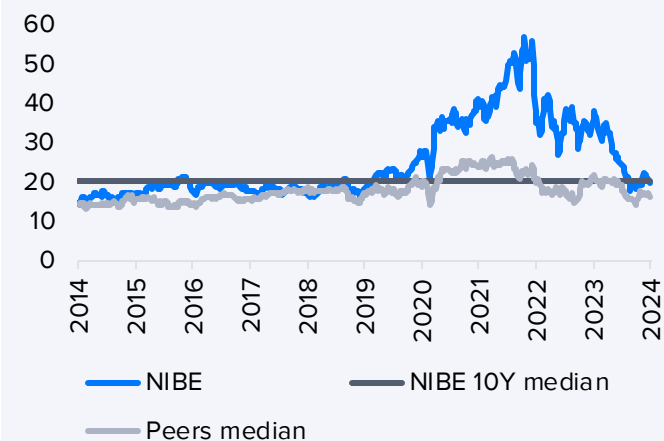
We expect investors to receive an annual dividend of about 1-2% over the next few years for the current share price. Thus, the dividend does not offer support or a baseline for expected return. Furthermore, earnings multiples are within our acceptable valuation range in medium-term, and thus we view them as quite neutral. Taking this to account, and that we expect the earnings growth to be some 6-8% (CAGR) in the coming years, the total expected return is pretty much in line with our required return in medium-term. As a result, we reiterate our Reduce recommendation with a lowered target price of SEK 59.0 SEK (prev. SEK 62.0).

Despite the current outlook, we still view NIBE as a promising long-term investment. With a track record of consistent value creation throughout its extensive history, NIBE has demonstrated success across various market scenarios. Attractive valuation signals can be found at 2026 earnings multiples (2026 P/E 22x and EV/EBIT 17x). However, this include still very uncertain earnings improvements.

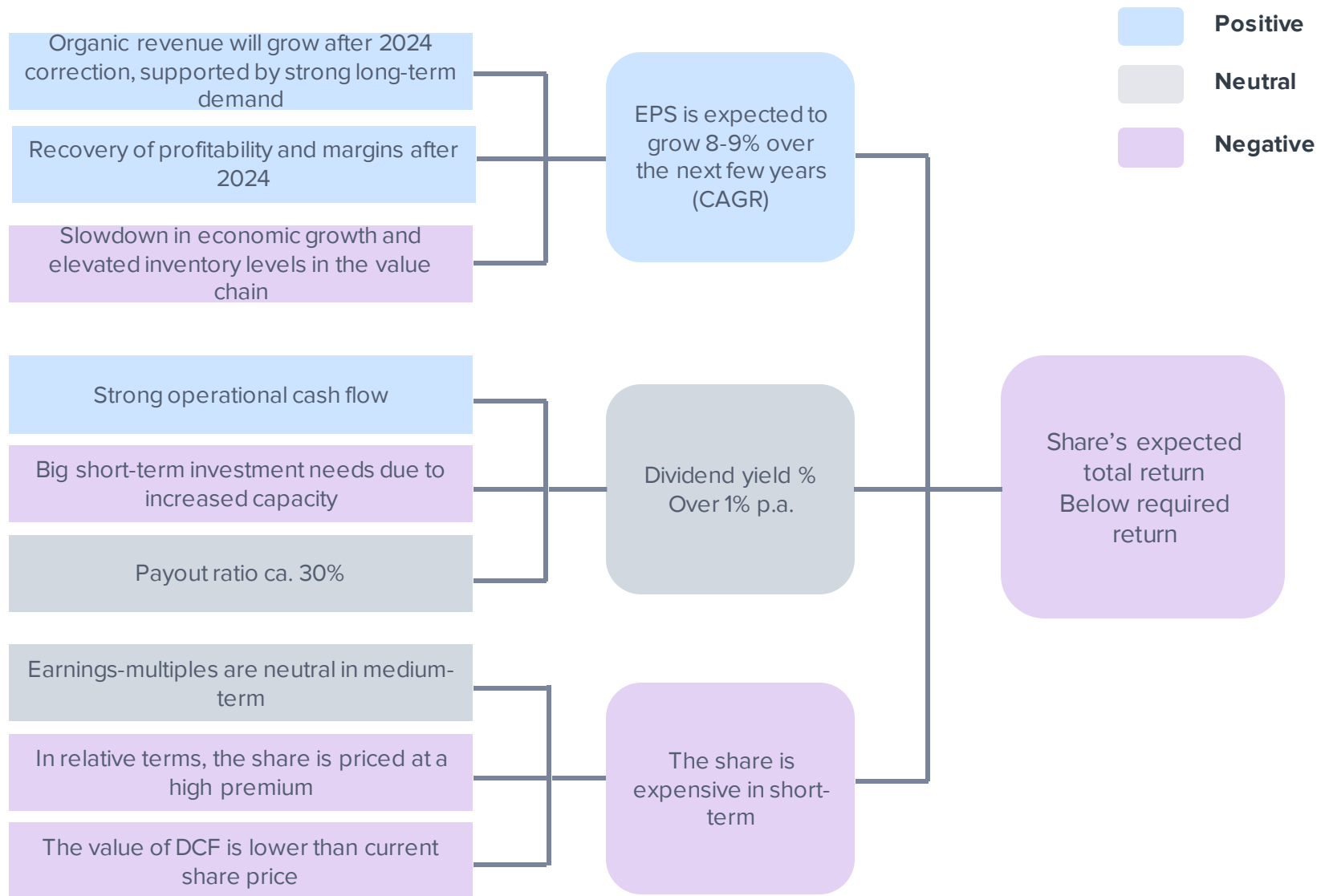
Valuation	2023e	2024e	2025e
Share price	66.5	66.5	66.5
Number of shares, millions	2,016	2,016	2,016
Market cap	134,068	134,068	134,068
EV	147,074	143,940	140,180
P/E (adj.)	26.8	29.0	24.7
P/E	27.3	29.0	24.7
P/B	4.3	3.9	3.5
P/S	2.9	2.8	2.6
EV/Sales	3.1	3.0	2.7
EV/EBITDA	16.9	17.1	15.0
EV/EBIT (adj.)	20.8	22.2	19.2
Payout ratio (%)	30.8 %	30.6 %	31.6 %
Dividend yield-%	1.1 %	1.1 %	1.3 %

Source: Inderes

## Historical trading multiples, EV/EBIT (NTM)



# TSR drivers 2023e-2026e

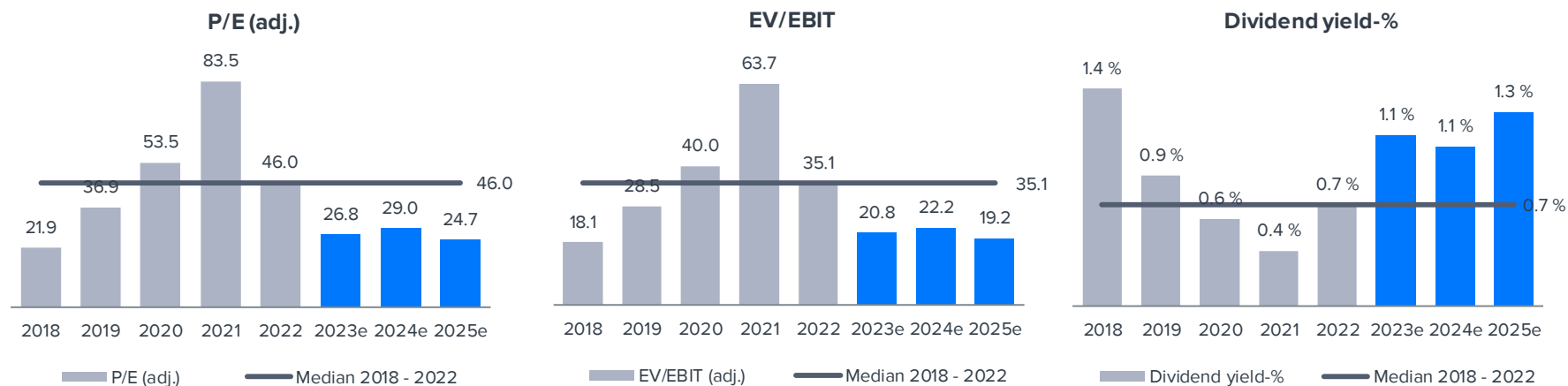




# Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	22.7	40.6	67.4	136.8	97.1	66.5	66.5	66.5	66.5
Number of shares, millions	2,016	2,016	2,016	2,016	2,016	2,016	2,016	2,016	2,016
Market cap	45,825	81,852	135,933	275,697	195,760	134,068	134,068	134,068	134,068
EV	51,504	88,114	142,293	283,549	202,352	147,074	143,940	140,180	136,058
P/E (adj.)	21.9	36.9	53.5	83.5	46.0	26.8	29.0	24.7	22.4
P/E	22.1	37.7	47.4	83.0	45.0	27.3	29.0	24.7	22.4
P/B	3.0	4.7	7.7	12.9	7.0	4.3	3.9	3.5	3.1
P/S	2.0	3.2	5.0	8.9	4.9	2.9	2.8	2.6	2.5
EV/Sales	2.3	3.5	5.2	9.2	5.0	3.1	3.0	2.7	2.5
EV/EBITDA	14.6	21.6	27.8	49.2	27.1	16.9	17.1	15.0	13.5
EV/EBIT (adj.)	18.1	28.5	40.0	63.7	35.1	20.8	22.2	19.2	17.0
Payout ratio (%)	31.6 %	32.5 %	27.3 %	30.4 %	30.1 %	30.8 %	30.6 %	31.6 %	31.9 %
Dividend yield-%	1.4 %	0.9 %	0.6 %	0.4 %	0.7 %	1.1 %	1.1 %	1.3 %	1.4 %

Source: Inderes



# Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Kone	23,929	22,816	16.8	15.6	14.0	13.2	2.0	2.0	22.3	20.5	4.2	4.3	8.1
Assa Abloy	28,407	34,086	16.0	14.9	13.2	12.4	2.6	2.4	20.4	18.1	2.0	2.2	3.1
Hexagon	28,297	31,830	19.4	17.6	14.9	13.6	5.5	5.2	22.9	20.4	1.8	2.0	2.6
Beijer Ref	6,664	7,413	23.7	21.7	18.8	17.3	2.4	2.3	32.3	28.1	1.1	1.1	3.2
Tomra Systems	2,688	3,068	20.7	15.7	13.0	10.6	2.5	2.2	27.6	20.2	1.9	2.5	4.1
Thule Group	2,679	2,839	18.0	15.6	15.5	13.7	3.3	3.0	23.0	19.8	3.4	3.7	4.0
Munters Group	2,711	3,096	17.2	15.3	13.5	12.2	2.2	2.0	22.8	19.3	1.2	1.4	4.6
Trane Technologies	57,489	60,847	21.6	19.9	18.6	17.1	3.5	3.3	26.6	23.9	1.1	1.2	8.3
Carrier	46,757	51,025	14.2	13.5	12.2	11.6	2.1	2.1	19.7	18.1	1.3	1.5	4.1
Lennox International Inc	14,874	16,023	18.5	16.6	16.9	15.3	3.4	3.1	22.8	20.3	1.0	1.0	20.6
<b>NIBE Industrier B (Inderes)</b>	<b>11,760</b>	<b>12,901</b>	<b>20.8</b>	<b>22.2</b>	<b>16.9</b>	<b>17.1</b>	<b>3.1</b>	<b>3.0</b>	<b>26.8</b>	<b>29.0</b>	<b>1.1</b>	<b>1.1</b>	<b>4.3</b>
<b>Average</b>			<b>18.6</b>	<b>16.6</b>	<b>15.1</b>	<b>13.7</b>	<b>2.9</b>	<b>2.8</b>	<b>24.0</b>	<b>20.9</b>	<b>1.9</b>	<b>2.1</b>	<b>6.3</b>
<b>Median</b>			<b>18.2</b>	<b>15.7</b>	<b>14.5</b>	<b>13.4</b>	<b>2.5</b>	<b>2.4</b>	<b>22.9</b>	<b>20.2</b>	<b>1.5</b>	<b>1.7</b>	<b>4.1</b>
<b>Diff-% to median</b>			<b>14%</b>	<b>42%</b>	<b>17%</b>	<b>27%</b>	<b>25%</b>	<b>29%</b>	<b>17%</b>	<b>44%</b>	<b>-26%</b>	<b>-39%</b>	<b>4%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e
<b>Revenue</b>	<b>30,832</b>	<b>8,749</b>	<b>9,656</b>	<b>9,999</b>	<b>11,667</b>	<b>40,071</b>	<b>11,646</b>	<b>11,833</b>	<b>11,514</b>	<b>11,739</b>	<b>46,732</b>	<b>10,956</b>	<b>11,655</b>	<b>12,314</b>	<b>12,471</b>	<b>47,396</b>	<b>51,107</b>	<b>54,558</b>
Climate Solutions	20,127	5,583	6,367	6,344	7,782	26,076	7,736	8,122	7,839	7,919	31,616	7,219	7,947	8,406	8,434	32,006	34,726	37,157
Element	8,422	2,474	2,672	2,842	2,937	10,925	3,013	2,957	2,945	2,886	11,801	2,960	3,009	3,100	3,074	12,143	13,115	14,098
Stoves	3,051	900	830	1,042	1,239	4,011	1,250	1,086	1,096	1,262	4,694	1,105	1,048	1,178	1,338	4,668	4,902	5,049
Eliminations	-768	-208	-213	-229	-291	-941	-353	-332	-366	-329	-1,380	-329	-350	-369	-374	-1,422	-1,635	-1,746
<b>EBITDA</b>	<b>5,765</b>	<b>1,340</b>	<b>1,968</b>	<b>1,865</b>	<b>2,287</b>	<b>7,460</b>	<b>2,153</b>	<b>2,243</b>	<b>2,309</b>	<b>1,997</b>	<b>8,702</b>	<b>1,837</b>	<b>2,064</b>	<b>2,216</b>	<b>2,320</b>	<b>8,437</b>	<b>9,369</b>	<b>10,105</b>
Depreciation	-1,297	-399	-399	-400	-399	-1,597	-398	-396	-530	-410	-1,734	-435	-485	-510	-535	-1,965	-2,060	-2,082
<b>EBIT (excl. NRI)</b>	<b>4,451</b>	<b>1,058</b>	<b>1,341</b>	<b>1,469</b>	<b>1,896</b>	<b>5,764</b>	<b>1,785</b>	<b>1,827</b>	<b>1,861</b>	<b>1,587</b>	<b>7,060</b>	<b>1,402</b>	<b>1,579</b>	<b>1,706</b>	<b>1,785</b>	<b>6,472</b>	<b>7,309</b>	<b>8,022</b>
<b>EBIT</b>	<b>4,468</b>	<b>941</b>	<b>1,569</b>	<b>1,465</b>	<b>1,888</b>	<b>5,863</b>	<b>1,755</b>	<b>1,847</b>	<b>1,779</b>	<b>1,587</b>	<b>6,968</b>	<b>1,402</b>	<b>1,579</b>	<b>1,706</b>	<b>1,785</b>	<b>6,472</b>	<b>7,309</b>	<b>8,022</b>
Climate Solutions	3,238	612	1,204	1,022	1,500	4,338	1,353	1,538	1,484	1,307	5,682	1,119	1,287	1,395	1,434	5,236	5,765	6,280
Element	876	250	299	325	249	1,123	280	243	235	225	983	243	256	263	283	1,045	1,285	1,410
Stoves	413	103	95	137	216	551	165	101	99	114	479	95	94	108	131	429	515	606
Eliminations	-59	-24	-29	-19	-77	-149	-43	-35	-39	-59	-176	-55	-58	-62	-62	-237	-256	-273
Share of profits in assoc. compan.	-8	0	0	0	21	21	0	0	0	20	20	0	0	0	20	20	21	21
Net financial items	-142	-35	-22	-14	-138	-209	-101	-146	-181	-220	-648	-150	-150	-150	-150	-600	-375	-350
<b>PTP</b>	<b>4,318</b>	<b>906</b>	<b>1,547</b>	<b>1,451</b>	<b>1,771</b>	<b>5,675</b>	<b>1,654</b>	<b>1,701</b>	<b>1,598</b>	<b>1,387</b>	<b>6,340</b>	<b>1,252</b>	<b>1,429</b>	<b>1,556</b>	<b>1,656</b>	<b>5,893</b>	<b>6,955</b>	<b>7,694</b>
Taxes	-940	-226	-310	-343	-401	-1,280	-380	-378	-378	-283	-1,419	-263	-300	-327	-348	-1,237	-1,498	-1,657
Minority interest	-58	-18	-21	-4	-1	-44	-4	-4	-4	-4	-16	-4	-5	-5	-5	-19	-38	-38
<b>Net earnings</b>	<b>3,320</b>	<b>662</b>	<b>1,216</b>	<b>1,104</b>	<b>1,369</b>	<b>4,351</b>	<b>1,270</b>	<b>1,319</b>	<b>1,216</b>	<b>1,100</b>	<b>4,905</b>	<b>985</b>	<b>1,124</b>	<b>1,224</b>	<b>1,303</b>	<b>4,636</b>	<b>5,419</b>	<b>5,998</b>
<b>EPS (adj.)</b>	<b>1.64</b>	<b>0.39</b>	<b>0.49</b>	<b>0.55</b>	<b>0.68</b>	<b>2.11</b>	<b>0.64</b>	<b>0.64</b>	<b>0.64</b>	<b>0.55</b>	<b>2.48</b>	<b>0.49</b>	<b>0.56</b>	<b>0.61</b>	<b>0.65</b>	<b>2.30</b>	<b>2.69</b>	<b>2.98</b>
<b>EPS (rep.)</b>	<b>1.65</b>	<b>0.33</b>	<b>0.60</b>	<b>0.55</b>	<b>0.68</b>	<b>2.16</b>	<b>0.63</b>	<b>0.65</b>	<b>0.60</b>	<b>0.55</b>	<b>2.43</b>	<b>0.49</b>	<b>0.56</b>	<b>0.61</b>	<b>0.65</b>	<b>2.30</b>	<b>2.69</b>	<b>2.98</b>
<b>Key figures</b>	<b>2021</b>	<b>Q1'22</b>	<b>Q2'22</b>	<b>Q3'22</b>	<b>Q4'22</b>	<b>2022</b>	<b>Q1'23</b>	<b>Q2'23</b>	<b>Q3'23</b>	<b>Q4'23e</b>	<b>2023e</b>	<b>Q1'24e</b>	<b>Q2'24e</b>	<b>Q3'24e</b>	<b>Q4'24e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
<b>Revenue growth-%</b>	13.6 %	28.1 %	24.0 %	27.8 %	39.1 %	30.0 %	33.1 %	22.5 %	15.2 %	0.6 %	16.6 %	-5.9 %	-1.5 %	6.9 %	6.2 %	1.4 %	7.8 %	6.8 %
<b>Adjusted EBIT growth-%</b>	25.1 %	27.2 %	9.6 %	21.7 %	59.6 %	29.5 %	68.7 %	36.2 %	26.7 %	-16.3 %	22.5 %	-21.5 %	-13.6 %	-8.3 %	12.5 %	-8.3 %	12.9 %	9.8 %
<b>EBITDA-%</b>	18.7 %	15.3 %	20.4 %	18.7 %	19.6 %	18.6 %	18.5 %	19.0 %	20.1 %	17.0 %	18.6 %	16.8 %	17.7 %	18.0 %	18.6 %	17.8 %	18.3 %	18.5 %
<b>Adjusted EBIT-%</b>	14.4 %	12.1 %	13.9 %	14.7 %	16.3 %	14.4 %	15.3 %	15.4 %	16.2 %	13.5 %	15.1 %	12.8 %	13.6 %	13.9 %	14.3 %	13.7 %	14.3 %	14.7 %
<b>Net earnings-%</b>	10.8 %	7.6 %	12.6 %	11.0 %	11.7 %	10.9 %	10.9 %	11.1 %	10.6 %	9.4 %	10.5 %	9.0 %	9.6 %	9.9 %	10.4 %	9.8 %	10.6 %	11.0 %

Source: Inderes

# Balance sheet

Assets	2021	2022	2023e	2024e	2025e
<b>Non-current assets</b>	<b>27,123</b>	<b>31,842</b>	<b>44,058</b>	<b>44,148</b>	<b>44,198</b>
Goodwill	15,453	17,630	27,130	27,130	27,130
Intangible assets	4,910	4,938	4,883	4,898	4,966
Tangible assets	6,131	8,273	11,044	11,119	11,101
Associated companies	56	430	430	430	430
Other investments	45	31	31	31	31
Other non-current assets	139	192	192	192	192
Deferred tax assets	389	348	348	348	348
<b>Current assets</b>	<b>16,271</b>	<b>22,152</b>	<b>25,221</b>	<b>22,513</b>	<b>26,831</b>
Inventories	6,584	10,191	10,281	10,190	10,477
Other current assets	0	0	0	0	0
Receivables	4,941	7,144	7,944	8,057	8,688
Cash and equivalents	4,746	4,817	6,996	4,266	7,666
<b>Balance sheet total</b>	<b>43,394</b>	<b>53,994</b>	<b>69,279</b>	<b>66,661</b>	<b>71,030</b>

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
<b>Equity</b>	<b>21,657</b>	<b>27,973</b>	<b>31,567</b>	<b>34,672</b>	<b>38,680</b>
Share capital	79	79	79	79	79
Retained earnings	15,587	19,286	22,880	25,985	29,993
Hybrid bonds	0	0	0	0	0
Revaluation reserve	0	0	0	0	0
Other equity	5,772	8,570	8,570	8,570	8,570
Minorities	219	38	38	38	38
<b>Non-current liabilities</b>	<b>12,757</b>	<b>12,268</b>	<b>24,167</b>	<b>19,931</b>	<b>18,474</b>
Deferred tax liabilities	0	0	0	0	0
Provisions	3,012	2,787	2,787	2,787	2,787
Interest bearing debt	6,967	6,185	15,544	11,308	9,851
Convertibles	0	0	0	0	0
Other long term liabilities	2,778	3,296	5,836	5,836	5,836
<b>Current liabilities</b>	<b>8,980</b>	<b>13,753</b>	<b>13,545</b>	<b>12,058</b>	<b>13,875</b>
Interest bearing debt	2,815	4,958	4,666	3,053	4,165
Payables	6,165	8,795	8,879	9,005	9,710
Other current liabilities	0	0	0	0	0
<b>Balance sheet total</b>	<b>43,394</b>	<b>53,994</b>	<b>69,279</b>	<b>66,661</b>	<b>71,030</b>

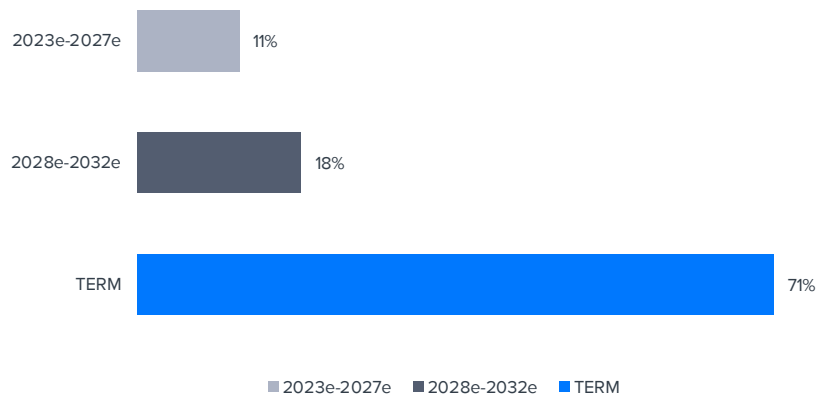
# DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	30.0 %	16.6 %	1.4 %	7.8 %	6.8 %	6.5 %	6.0 %	5.8 %	5.2 %	4.5 %	2.5 %	2.5 %
EBIT-%	14.6 %	14.9 %	13.7 %	14.3 %	14.7 %	15.3 %	15.3 %	15.3 %	15.3 %	15.2 %	15.2 %	15.2 %
<b>EBIT (operating profit)</b>	<b>5,863</b>	<b>6,968</b>	<b>6,472</b>	<b>7,309</b>	<b>8,022</b>	<b>8,890</b>	<b>9,423</b>	<b>9,970</b>	<b>10,488</b>	<b>10,889</b>	<b>11,161</b>	
+ Depreciation	1,597	1,734	1,965	2,060	2,082	2,084	2,088	2,091	2,121	2,121	2,007	
- Paid taxes	-1,239	-1,419	-1,237	-1,498	-1,657	-1,845	-1,965	-2,089	-2,201	-2,287	-2,398	
- Tax, financial expenses	-47	-145	-126	-81	-76	-76	-70	-65	-65	-65	-13	
+ Tax, financial income	0	0	0	0	0	0	0	0	0	0	0	
- Change in working capital	-3,180	-806	104	-213	-93	-330	-285	-264	-542	-494	-287	
<b>Operating cash flow</b>	<b>2,994</b>	<b>6,331</b>	<b>7,178</b>	<b>7,577</b>	<b>8,279</b>	<b>8,724</b>	<b>9,191</b>	<b>9,644</b>	<b>9,801</b>	<b>10,164</b>	<b>10,471</b>	
+ Change in other long-term liabilities	293	2,540	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-5,983	-13,950	-2,055	-2,110	-2,165	-2,195	-2,215	-2,240	-2,260	-2,280	-2,005	
<b>Free operating cash flow</b>	<b>-2,696</b>	<b>-5,079</b>	<b>5,123</b>	<b>5,467</b>	<b>6,114</b>	<b>6,529</b>	<b>6,976</b>	<b>7,404</b>	<b>7,541</b>	<b>7,884</b>	<b>8,466</b>	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	-2,696	-5,079	5,123	5,467	6,114	6,529	6,976	7,404	7,541	7,884	8,466	171,665
<b>Discounted FCFF</b>		<b>-5,123</b>	<b>4,804</b>	<b>4,767</b>	<b>4,956</b>	<b>4,921</b>	<b>4,889</b>	<b>4,824</b>	<b>4,569</b>	<b>4,441</b>	<b>4,434</b>	<b>89,899</b>
Sum of FCFF present value		127,380	132,503	127,699	122,932	117,976	113,055	108,166	103,342	98,773	94,332	89,899
<b>Enterprise value DCF</b>		<b>127,380</b>										
- Interest bearing debt		-11,143										
+ Cash and cash equivalents		4,817										
-Minorities		-162										
-Dividend/capital return		-1,310										
<b>Equity value DCF</b>		<b>119,953</b>										
<b>Equity value DCF per share</b>		<b>59.5</b>										

WACC	
Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E))	15.0 %
Cost of debt	5.0 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>8.2 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>7.6 %</b>

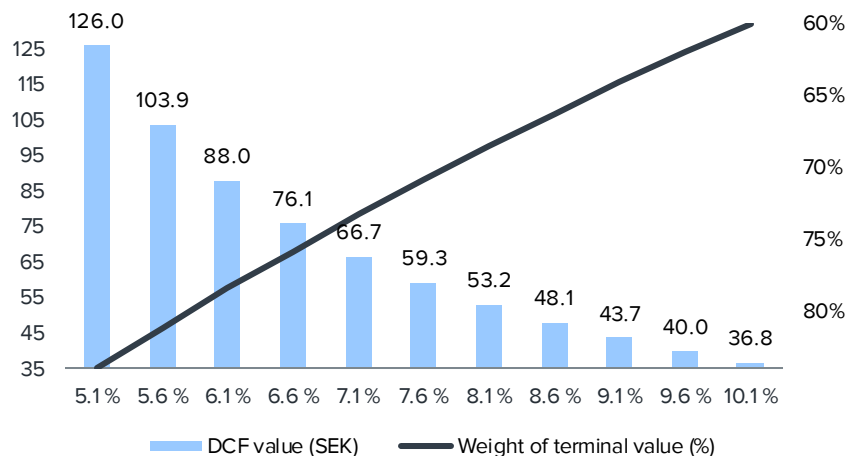
Source: Inderes

Cash flow distribution

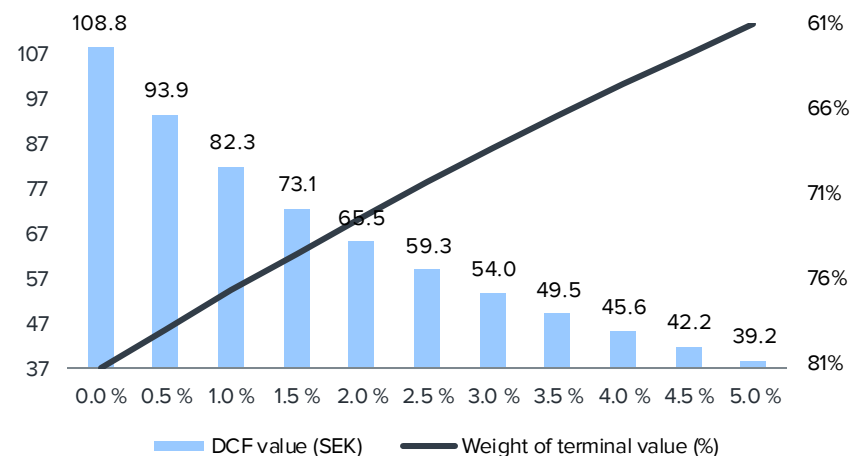


# DCF sensitivity calculations and key assumptions in graphs

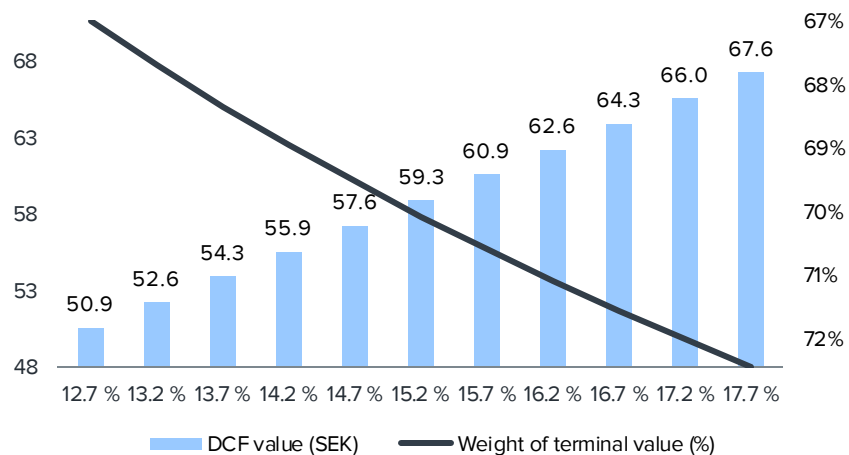
Sensitivity of DCF to changes in the WACC-%



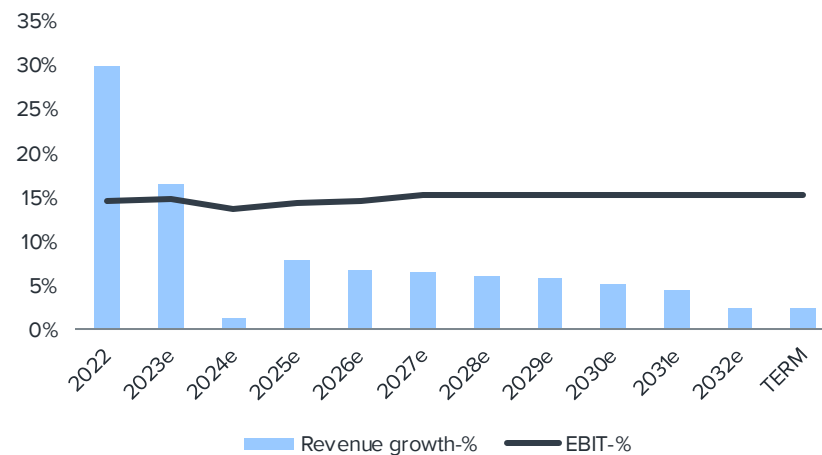
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

# Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	27,146	30,832	40,071	46,732	47,396	EPS (reported)	1.42	1.65	2.16	2.43	2.29
EBITDA	5,117	5,765	7,460	8,702	8,437	EPS (adj.)	1.26	1.64	2.11	2.48	2.29
EBIT	3,880	4,468	5,863	6,968	6,472	OCF / share	2.65	1.48	1.48	3.14	3.56
PTP	3,658	4,318	5,675	6,340	5,893	FCF / share	1.79	-0.13	-1.34	-2.52	2.54
Net Income	2,866	3,320	4,351	4,905	4,617	Book value / share	8.72	10.63	13.86	15.64	17.18
Extraordinary items	323	17	99	-92	0	Dividend / share	1.55	0.50	0.65	0.75	0.70
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	38,337	43,394	53,994	69,279	66,661	Revenue growth-%	7%	14%	30%	17%	1%
Equity capital	17,737	21,657	27,973	31,567	34,672	EBITDA growth-%	2.6%	13%	2.9%	17%	-3%
Goodwill	14,218	15,453	17,630	27,130	27,130	EBIT (adj.) growth-%	15%	25%	2.9%	22%	-8%
Net debt	5,208	5,036	6,326	13,214	10,095	EPS (adj.) growth-%	14%	30%	2.9%	18%	-8%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	18.8 %	18.7 %	18.6 %	18.6 %	17.8 %
EBITDA	5,117	5,765	7,460	8,702	8,437	EBIT (adj.)-%	13.1 %	14.4 %	14.4 %	15.1 %	13.7 %
Change in working capital	1,093	-1,862	-3,180	-806	104	EBIT-%	14.3 %	14.5 %	14.6 %	14.9 %	13.7 %
Operating cash flow	5,337	2,984	2,994	6,331	7,178	ROE-%	16.3 %	17.0 %	17.6 %	16.5 %	14.0 %
CAPEX	-1,826	-3,515	-5,983	-13,950	-2,055	ROI-%	14.1 %	15.1 %	16.7 %	15.4 %	12.9 %
Free cash flow	3,603	-257	-2,696	-5,079	5,123	Equity ratio	46.3 %	49.9 %	51.8 %	45.6 %	52.0 %
						Gearing	29.4 %	23.3 %	22.6 %	41.9 %	29.1 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	5.2	9.2	5.0	3.1	3.0						
EV/EBITDA (adj.)	27.8	49.2	27.1	16.9	17.1						
EV/EBIT (adj.)	40.0	63.7	35.1	20.8	22.2						
P/E (adj.)	53.5	83.5	46.0	26.8	29.0						
P/B	7.7	12.9	7.0	4.3	3.9						
Dividend-%	0.6 %	0.4 %	0.7 %	1.1 %	1.1 %						

Source: Inderes

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## Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2023-09-20	Reduce	74.1 kr	70.5 kr
2023-11-16	Reduce	62.0 kr	67.5 kr
2023-02-13	Reduce	59.0 kr	66.5 kr





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### Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

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