HKFOODS

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INDERES CORPORATE CUSTOMER

COMPANY REPORT

Favorable profitability trend continues

The good Q3 report supports the narrative of the durability of HKFoods' earnings turnaround and the upward trajectory of its profitability. Operational earnings performance and falling financial costs push the earnings-based valuation multiples to quite attractive levels. In a positive scenario, profitability could improve even more significantly, although our estimates for the coming years include only moderate earnings growth. We reiterate our Accumulate recommendation and raise our target price to EUR 1.9 due to estimate revisions (was EUR 1.8).

Earnings growth continued despite African swine fever

The Q3 report was slightly better than our preliminary expectations, as ad. EBIT exceeded the estimate by 7%. The company continued its long growth path (adj. EBIT 12.4 MEUR, Q3'25: 11.8 MEUR), driven by factors such as a favorable momentum in the growing poultry and ready meal segments Total revenue growth was 3% and exceeded our estimate by 1 percentage point. The earnings impact of African swine fever on the company appears to have been small (estimated at ~1 MEUR for the entire H2). However, operating cash flow suffered from, among other things, the normalization of beef inventories and inflation (working capital committed YTD +15 MEUR y/y).

We see the trend remaining moderately positive

The company reiterated its guidance that adj. EBIT for 2026 grows from 2025. A good Q3 report reinforced the outlook for meeting the guidance, as adj. EBIT grew by 3 MEUR y/y in January-September, so there is no longer significant pressure on the Q4 result from a guidance perspective. According to the company, the cost pressure related to the rise in the oil price was passed on to sales prices at the end of the quarter. While we still see a minor question mark regarding how consumers will react to accelerating inflation, the pick-up in Finland's economy can support consumer purchasing power. We raised the adj. EBIT estimates by 4-5% for 2026-28e. We expect earnings and relative profitability will continue on a growth path, albeit more moderately. Growth in sales of further processed, higher value-added products and the continuous streamlining of operations support earnings growth.

The expected return consists of several components

In recent years, HKFoods has gradually turned into a defensive dividend company through an earnings turnaround and a strengthening of its balance sheet. Long-term value creation is limited due to the industry's modest growth prospects and capital intensity. Compared to our estimates for 2026, the valuation is fairly favorable (adj. EV/EBIT 2026e: 9x), and we suspect this estimate is not subject to significant uncertainty. We believe the company can continue moderate earnings growth in the coming years (4% p.a.), which, combined with the upside potential in valuation (~5%) and a strong dividend yield (>5%), offers an attractive expected return. We consider our current estimates to be relatively low-risk, and in a positive scenario, earnings growth could continue to be stronger than our estimates (EBIT-% 2027-28e 3.7% vs. 4-5% for competitors), which would have a significant leverage effect on the share price. This would at least require larger industrial investments than at present, which would have a negative impact on cash flow in the short term.

Prioritizing dividends in capital allocation raises the risk level

HKFoods' balance sheet position is stable (net debt/EBITDA 2026e: 2.3x) and the recent refinancing of the bond will significantly decrease financing costs starting from Q4. However, we feel the balance sheet does not yet have a significant buffer to redeem the 20 MEUR hybrid loan (possible in August 2028). We believe it is possible that the company will continue to pay high dividends, which creates uncertainty regarding the building of buffers and the redemption of the hybrid. This may also limit the company's investment capacity. In addition to the EUR 0.08 per share dividend distributed for 2025, the company's board has an authorization for a capital return of EUR 0.07, which is not included in our estimates.

Recommendation
Accumulate
(was Accumulate)

Target price:
EUR 1.90
(was EUR 1.80)

Share price:
EUR 1.70

Business risk



Valuation risk



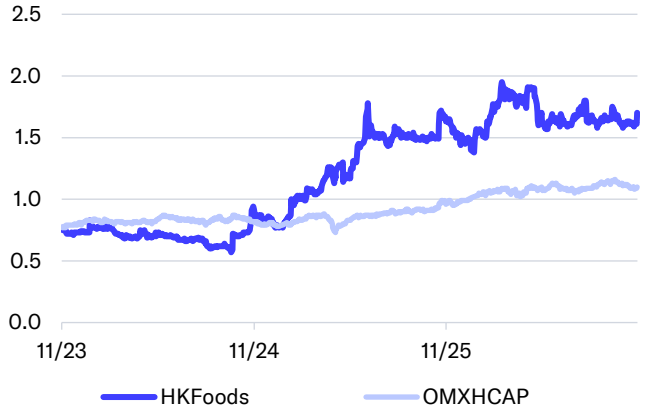
	2025	2026e	2027e	2028e
Revenue	996.4	1034.3	1057.0	1078.2
growth-%	-1%	4%	2%	2%
EBIT adj.	34.0	37.3	38.8	40.1
EBIT-% adj.	3.4 %	3.6 %	3.7 %	3.7 %
Net Income	10.4	25.1	18.6	20.7
EPS (adj.)	0.09	0.15	0.19	0.22
P/E (adj.)	16.6	11.7	9.1	7.9
P/B	0.9	0.9	0.9	0.9
Dividend yield-%	5.4 %	6.5 %	7.1 %	7.6 %
EV/EBIT (adj.)	8.9	8.7	8.4	8.0
EV/EBITDA	4.9	4.9	4.7	4.5
EV/S	0.3	0.3	0.3	0.3

Source: Inderes

Guidance (Unchanged)

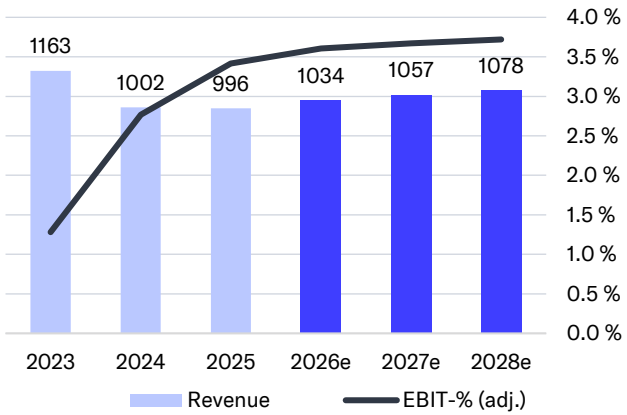
The comparable EBIT for 2026 is estimated to grow from 2025 (34.1 MEUR).

Share price



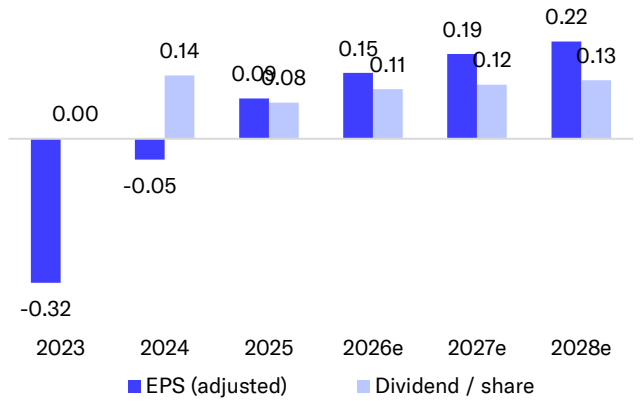
Source: Millistream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and DPS



Source: Inderes

Value drivers

- Strong commercial position in Finland through scale and well-known brands
- Investments in poultry and other growing segments such as ready meals
- Focus on Finland has allowed concentration of investments and strengthening of industrial efficiency
- As the balance sheet strengthens, there is an opportunity to significantly lower financing costs

Risk factors

- Long-term decline in red meat consumption
- Fierce competition in the food sector and strong bargaining power of retailers limit profitability
- Changes in consumer demand and cost environment may affect profitability
- Animal diseases may impact export licenses
- Indebtedness remains quite high

Valuation	2026e	2027e	2028e
Share price	1.70	1.70	1.70
Number of shares, millions	89.9	89.9	89.9
Market cap	153	153	153
EV	326	325	323
P/E (adj.)	11.7	9.1	7.9
P/E	6.5	9.1	7.9
P/B	0.9	0.9	0.9
P/S	0.1	0.1	0.1
EV/Sales	0.3	0.3	0.3
EV/EBITDA	4.9	4.7	4.5
EV/EBIT (adj.)	8.7	8.4	8.0
Payout ratio (%)	33.3 %	58.5 %	57.0 %
Dividend yield-%	6.5 %	7.1 %	7.6 %

Source: Inderes

Earnings continued their good development

Retail and foodservice drove growth

Q3 revenue increased by 3% to 255 MEUR and was slightly (1%) higher than our estimate. Sales grew in retail and foodservice, but remained stable in exports. Especially Kariniemen poultry products and ready meals under the HK brand achieved growth in retail. Higher selling prices of beef also had a positive impact on revenue. In processed meats, the market has been subdued in the early part of the year.

Earnings improved despite swine fever

Adjusted EBIT was 12.4 MEUR, increasing 5% y/y. Adjusted EBIT exceeded our estimates by 7%. Earnings were supported by the strong development of retail and foodservice. On the other hand, the result was also pressured by, e.g., the price of oil increasing logistics and packaging material costs. African swine fever prevents pork exports to the profitable Chinese and Japanese markets, which the company estimates will have a 1 MEUR negative earnings impact on H2 as a whole (estimate unchanged).

A non-cash item supported the lower lines of the income statement

The company booked an imputed modification gain of 11.2 MEUR from the refinancing of its bond, as a result of which the company's pre-tax profit was as high as 21.1 MEUR, significantly exceeding our estimate (8.4 MEUR). This supports equity but does not affect cash flow.

Cash flow has suffered from working capital commitment

Q3 operating cash flow was 7 MEUR lower than in the comparison period due to working capital commitment. Measured from the beginning of the year, 15 MEUR more working capital has been tied up than in the comparison period. This is driven particularly by the normalization of beef inventory levels and the increase in the per-kilo price of beef in stock.

Estimates	Q3'25	Q3'26	Q3'26e	Q3'26e	Difference (%)	2026e
MEUR / EUR	**Comparison**	**Actualized**	**Inderes**	**Consensus**	**Act. vs. inderes**	**Inderes**
Revenue	247	255	252		1%	1034
EBITDA	18.5	19.5	19.3		1%	66.1
EBIT (adj.)	11.8	12.4	11.6		7%	37.3
EBIT	10.9	12.3	11.6		6%	36.4
EPS (adj.)	0.06	0.17	0.06		193%	0.15
Revenue growth-%	-1.8 %	3.2 %	2.0 %		1.2 pp	3.8 %
EBIT-% (adj.)	4.8 %	4.9 %	4.6 %		0.2 pp	3.6 %

Source: Inderes

Estimates point to moderate earnings growth

We slightly raised our estimates

- The company reiterated its guidance that adjusted EBIT for 2026 will increase from 2025. A good Q3 report reinforced the outlook for meeting the guidance, as adjusted EBIT grew by 3 MEUR y/y in January-September, meaning there is no longer significant pressure on the Q4 result from a guidance perspective.
- We raised our adjusted EBIT estimates for 2026-2028 by 4-5% following the strong Q3 earnings.
- The company's earnings growth is supported by, e.g., the growth of the poultry and ready meals segments and, on the other hand, the increase in the average processing value of production. The company will also continue its efficiency measures.
- African swine fever continues to slow earnings growth in the second half of the year and in H1 2027. The annual impact is likely to be approximately 3 MEUR. We do not expect the situation to improve in the next few years.
- As a whole, we expect adjusted EBIT to grow by around 4% p.a. in 2027-28. Our adjusted EBIT margin estimate is 3.7% (2026e: 3.6%), which is still far from the main competitors. On the other hand, HKFoods does not invest as heavily in modernizing its production facilities compared to, e.g., Atria, so in the baseline scenario, the company also does not achieve as high a profitability relative to revenue. Our estimates for return on investment (ROI) are roughly at the same level for both companies (2027-28e: around 10%).

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	1028	1034	1%	1051	1057	1%	1072	1078	1%
EBITDA	65.3	66.1	1%	68.2	68.8	1%	70.0	71.0	1%
EBIT (exc. NRIs)	35.8	37.3	4%	37.3	38.8	4%	38.4	40.1	5%
EBIT	35.0	36.4	4%	37.3	38.8	4%	38.4	40.1	5%
PTP	22.9	36.0	57%	28.7	28.4	-1%	30.8	30.7	0%
EPS (excl. NRIs)	0.15	0.15	-4%	0.19	0.19	-1%	0.22	0.22	0%
DPS	0.09	0.11	22%	0.11	0.12	9%	0.12	0.13	8%

Source: Inderes

HKFoods Oyj, Q3'26



Earnings growth makes multiples even cheaper

Becoming a defensive dividend company

For several years, HKFoods has taken significant steps to become a defensive, dividend-paying business. Red meat consumption reduces slowly, and consumption of poultry and more processed foods is increasing, so in the long term, we assume market growth will be close to general GDP growth. The meat and food industries in general are competitive and capital-intensive industries where it is difficult to achieve a sustainable ROCE above the required return. On the other hand, in the short term, we see HKFoods as a turnaround company, and the materialization of its earnings potential and a decrease in financial expenses could support the share price development.

A strengthening profitability level offers potential

We feel HKFoods' long-sought earnings turnaround has now materialized sustainably. Strengthening of the balance sheet and concentrating investments in Finland have enabled industrial processes to develop in a way that the company historically lacked the resources for. Although the lowest-hanging fruit has already been picked, the company still seems to find ways to improve its results, for example, through production-enhancing investments or other means. It is still difficult to estimate what level the improving profitability will reach in the longer term. As profitability rises to the level of domestic competitors (EBIT %: 4.7%) the stock could have a significant upside of up to 65-95% (EV/EBIT 9-10x). However, our view is more cautious, as we believe the most straightforward efficiency measures have already been implemented. In the future, earnings growth will become more capital-intensive, as is typical for the industry. Even a moderate improvement in profitability could still significantly support the share price due to the company's somewhat high balance sheet leverage.

Balance sheet position improved, not completely risk-free

The amount of debt on the balance sheet has been reduced through divestments and the strengthening of internal cash flow. The company has also been able to decrease financing costs along with the decrease in credit risk. We estimate the net debt/EBITDA ratio at the end of 2026 to be 2.3x, which is close to the industry average, although the balance sheet still includes 20 MEUR of recently issued hybrid bonds. If the company continues its high dividend payments in the coming years, we consider it uncertain whether it will be able to repay the hybrid loan. In this scenario, the company's balance sheet position remains strained, limiting resources for investments while maintaining the share's rather high volatility during any occasional earnings fluctuations.

Valuation is quite attractive

We find HK Foods' EV/EBIT (2026e: 9x) is fairly attractive based on the current year's estimates. Based on the 2027-28 estimates, the P/E ratio falls to an attractive level (9x and 8x) driven by the decrease in financing expenses. However, we believe the moderate earnings growth we expect for the coming years is sufficient for a reasonably good annual return of around 15-20% that exceeds our required return (assuming a fair EV/EBIT valuation of around 9x for 2027). At a multiple of 10x, the expected return would rise to well over 30% due to the strong debt leverage.

Our DCF model indicates a valuation of EUR 1.95 for the stock, supporting the view that the stock has upside. The model necessitates the earnings turnaround proving sustainable. The long-term profitability assumption (EBIT: 3.0%) is well above the historical level but below the current level (adj. EBIT % 2026e: 3.6%).

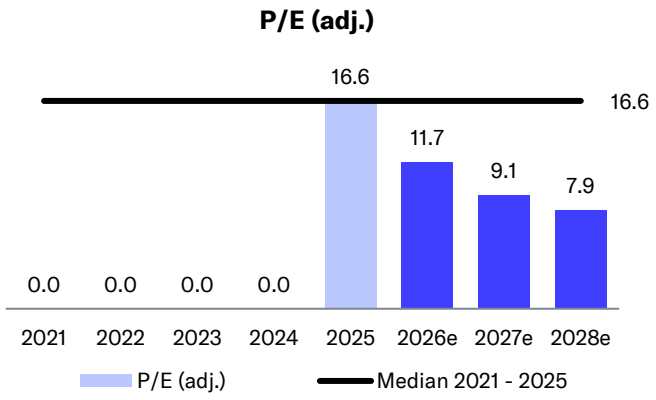
Valuation	2026e	2027e	2028e
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Number of shares, millions	89.9	89.9	89.9
Market cap	153	153	153
EV	326	325	323
P/E (adj.)	11.7	9.1	7.9
P/E	6.5	9.1	7.9
P/B	0.9	0.9	0.9
P/S	0.1	0.1	0.1
EV/Sales	0.3	0.3	0.3
EV/EBITDA	4.9	4.7	4.5
EV/EBIT (adj.)	8.7	8.4	8.0
Payout ratio (%)	33.3 %	58.5 %	57.0 %
Dividend yield-%	6.5 %	7.1 %	7.6 %

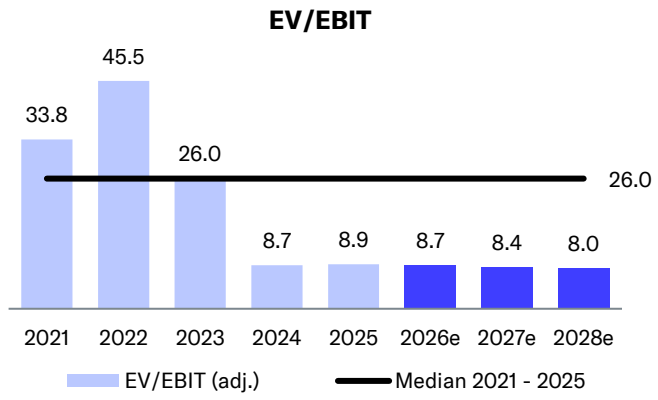
Source: Inderes

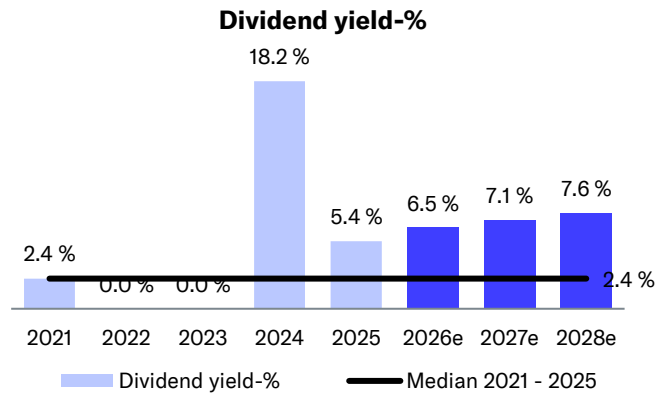
Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	1.66	0.87	0.89	0.77	1.48	**1.70**	**1.70**	**1.70**	**1.70**
Number of shares, millions	97.1	97.3	97.4	89.9	89.9	**89.9**	**89.9**	**89.9**	**89.9**
Market cap	161	85	87	69	133	**153**	**153**	**153**	**153**
EV	490	441	387	240	303	**326**	**325**	**323**	**316**
P/E (adj.)	neg.	neg.	neg.	neg.	16.6	**11.7**	**9.1**	**7.9**	**7.1**
P/E	neg.	neg.	neg.	neg.	neg.	**6.5**	**9.1**	**7.9**	**7.1**
P/B	0.6	0.4	0.5	0.4	0.9	**0.9**	**0.9**	**0.9**	**0.8**
P/S	0.1	0.0	0.1	0.1	0.1	**0.1**	**0.1**	**0.1**	**0.1**
EV/Sales	0.3	0.2	0.3	0.2	0.3	**0.3**	**0.3**	**0.3**	**0.3**
EV/EBITDA	6.3	7.9	7.3	4.3	4.9	**4.9**	**4.7**	**4.5**	**4.4**
EV/EBIT (adj.)	33.8	45.5	26.0	8.7	8.9	**8.7**	**8.4**	**8.0**	**7.7**
Payout ratio (%)	neg.	0.0 %	0.0 %	neg.	neg.	**33.3 %**	**58.5 %**	**57.0 %**	**57.7 %**
Dividend yield-%	2.4 %	0.0 %	0.0 %	18.2 %	5.4 %	**6.5 %**	**7.1 %**	**7.6 %**	**7.6 %**

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	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	**MEUR**	**MEUR**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**
Atria	454	760	10.3	10.2	5.5	5.4	0.4	0.4	9.0	9.2	5.3	5.5	1.0
Apetit	75	89		14.8	8.1	5.9	0.5	0.5		23.1	3.8	5.1	0.7
Raisio	363	304	11.3	9.7	8.4	7.3	1.3	1.3	16.6	14.0	6.7	7.1	1.4
Hilton Foods	802	1274	11.6	10.9	7.1	6.6	0.2	0.2	14.4	13.2	4.7	4.8	1.8
Scandi Standard	1208	1395	21.0	17.0	12.9	11.4	1.0	0.9	27.6	22.0	2.2	2.7	3.8
Cranswick	3601	3892	14.1	12.9	9.9	9.1	1.1	1.0	18.8	17.4	2.0	2.2	2.7
Societe LDC	3928	3766	10.0	8.4	6.1	5.1	0.5	0.5	13.5	11.3	1.6	1.9	1.5
Bell Foods	1784	2735	13.3	12.9	6.5	6.2	0.5	0.5	11.0	10.8	2.8	2.9	1.0
Orior	85	262	15.6	16.3	6.1	6.2	0.4	0.4	8.2	9.3			1.7
Prima Meat Packers	654	716			5.8	5.6	0.3	0.3	11.8	13.0	3.5	3.5	0.9
NH Foods	3113	4448			8.0	7.8	0.6	0.5	16.2	14.3	2.7	3.0	1.1
HKFoods (Inderes)	**153**	**326**	**8.7**	**8.4**	**4.9**	**4.7**	**0.3**	**0.3**	**11.7**	**9.1**	**6.5**	**7.1**	**0.9**
Average			**13.4**	**12.6**	**7.7**	**6.9**	**0.6**	**0.6**	**14.7**	**14.3**	**3.5**	**3.9**	**1.6**
Median			**12.4**	**12.9**	**7.1**	**6.2**	**0.5**	**0.5**	**14.0**	**13.2**	**3.1**	**3.3**	**1.4**
Diff-% to median			***-30%***	***-35%***	***-30%***	***-24%***	***-39%***	***-37%***	***-16%***	***-31%***	***107%***	***117%***	***-34%***

Source: Refinitiv / Inderes

Income statement

Income statement	2023	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26	Q4'26e	2026e	2027e	2028e	2029e
Revenue	**1163**	**1002**	**234**	**246**	**247**	**270**	**996**	**243**	**259**	**255**	**278**	**1034**	**1057**	**1078**	**1100**
Finland	933	1002	234	246	247	270	996	243	259	255	278	1034	1057	1078	1100
EBITDA	**52.8**	**56.3**	**12.1**	**13.3**	**18.5**	**18.5**	**62.4**	**12.7**	**14.8**	**19.5**	**19.1**	**66.1**	**68.8**	**71.0**	**72.4**
Depreciation	-35.3	-33.9	-7.4	-7.1	-7.6	-7.4	-29.5	-7.3	-7.6	-7.2	-7.6	-29.7	-30.0	-30.9	-31.5
EBIT (excl. NRI)	**14.9**	**27.7**	**4.6**	**6.5**	**11.8**	**11.2**	**34.0**	**5.7**	**7.7**	**12.4**	**11.5**	**37.3**	**38.8**	**40.1**	**40.9**
EBIT	**17.5**	**22.4**	**4.6**	**6.2**	**10.9**	**11.2**	**32.9**	**5.4**	**7.2**	**12.3**	**11.5**	**36.4**	**38.8**	**40.1**	**40.9**
Share of profits in assoc. compan.	1.3	1.2	0.5	0.3	0.6	-0.7	0.7	0.8	0.3	1.3	-0.4	2.0	1.4	1.4	1.4
Net financial items	-27.7	-19.5	-3.9	-3.7	-3.5	-3.7	-14.9	-3.1	-3.7	7.5	-3.1	-2.4	-11.8	-10.8	-10.7
PTP	**-8.9**	**4.1**	**1.2**	**2.7**	**8.1**	**6.8**	**18.7**	**3.1**	**3.7**	**21.1**	**8.1**	**36.0**	**28.4**	**30.7**	**31.7**
Taxes	-6.6	-6.0	-0.3	-0.7	-0.7	-2.8	-4.5	-0.3	-0.6	-4.3	-1.6	-6.8	-5.7	-5.9	-6.0
Minority interest	-4.0	-3.4	-0.2	-1.0	-0.8	-1.7	-3.8	-0.2	-1.8	-1.4	-0.7	-4.1	-4.1	-4.2	-4.0
Net earnings	**-26.4**	**-29.3**	**0.3**	**-2.6**	**-0.4**	**2.2**	**-0.4**	**2.6**	**1.4**	**15.4**	**5.7**	**25.1**	**18.6**	**20.7**	**21.6**
Hybrid loan interest	-2.1	-2.1	-1.0	-1.0	-1.0	-1.0	-4.2	-1.0	-1.0	-1.0	-0.4	-3.5	-1.7	-1.8	-1.3
EPS (rep.)	**-0.29**	**-0.32**	**0.00**	**-0.03**	**0.00**	**0.02**	**-0.05**	**0.02**	**0.00**	**0.16**	**0.06**	**0.24**	**0.19**	**0.21**	**0.23**

Key figures	2023	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	-36.6 %	-13.9 %	2.2 %	-3.5 %	-1.8 %	1.1 %	-0.5 %	3.8 %	5.3 %	3.2 %	3.0 %	3.8 %	2.2 %	2.0 %	2.0 %
Adjusted EBIT growth-%		86.0 %	230.7 %	46.7 %	1.0 %	8.8 %	22.8 %	23.1 %	18.5 %	5.4 %	3.2 %	9.6 %	4.0 %	3.4 %	2.0 %
EBITDA-%	4.5 %	5.6 %	5.2 %	5.4 %	7.5 %	6.9 %	6.3 %	5.2 %	5.7 %	7.6 %	6.9 %	6.4 %	6.5 %	6.6 %	6.6 %
Adjusted EBIT-%	1.3 %	2.8 %	2.0 %	2.6 %	4.8 %	4.1 %	3.4 %	2.4 %	3.0 %	4.9 %	4.1 %	3.6 %	3.7 %	3.7 %	3.7 %
Net earnings-%	-2.3 %	-2.9 %	0.1 %	-1.1 %	-0.1 %	0.8 %	0.0 %	1.1 %	0.5 %	6.0 %	2.1 %	2.4 %	1.8 %	1.9 %	2.0 %

Source: Inderes

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

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	**351**	**340**	**343**	**349**	**353**
Goodwill	27.8	27.8	27.8	27.8	27.8
Intangible assets	16.2	15.6	15.6	15.6	15.3
Tangible assets	252	252	257	262	266
Associated companies	21.8	22.3	22.3	22.3	22.3
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	12.4	3.9	3.9	3.9	3.9
Deferred tax assets	21.2	18.9	17.0	17.0	17.0
Current assets	**177**	**172**	**195**	**201**	**205**
Inventories	59.6	63.1	76.0	78.7	80.9
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	80.3	58.1	66.2	67.6	69.0
Cash and equivalents	36.7	51.1	53.0	54.2	55.3
Balance sheet total	**528**	**513**	**539**	**549**	**558**

Source: Inderes

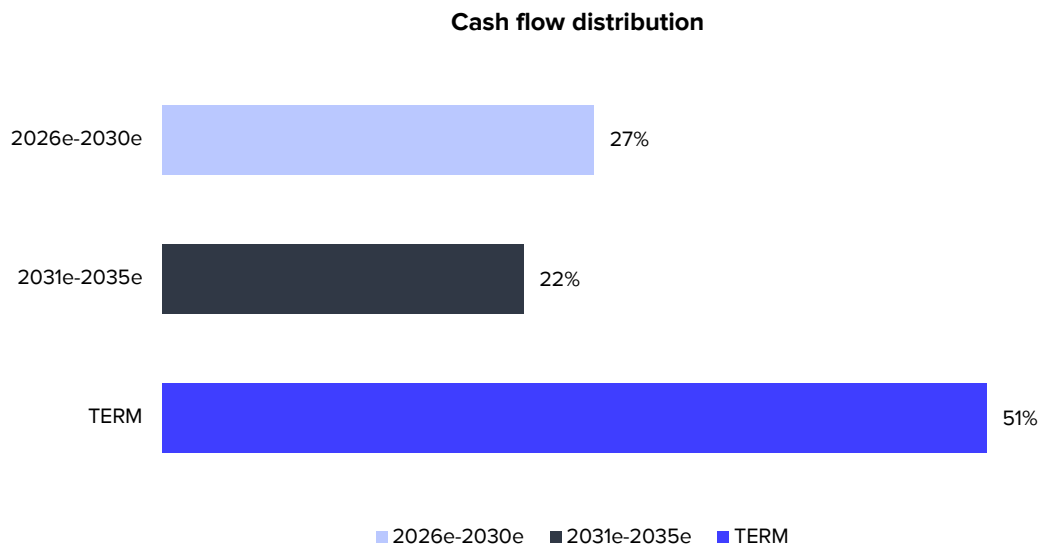
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	**215**	**194**	**210**	**217**	**206**
Share capital	0.0	0.0	0.0	0.0	0.0
Retained earnings	-30.4	-46.9	-30.7	-23.7	-15.1
Hybrid bonds	25.9	20.0	20.0	20.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	193	194	194	194	194
Minorities	26.9	26.9	26.9	26.9	26.9
Non-current liabilities	**178**	**173**	**183**	**184**	**199**
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	172	168	178	179	194
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	5.4	5.0	5.0	5.0	5.0
Current liabilities	**134**	**146**	**146**	**149**	**153**
Interest bearing debt	14.0	25.5	19.7	19.8	21.6
Payables	120	120	126	129	132
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**528**	**513**	**539**	**549**	**558**

DCF-calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	-0.5 %	3.8 %	2.2 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	3.3 %	3.5 %	3.7 %	3.7 %	3.7 %	3.7 %	3.7 %	3.7 %	3.7 %	3.0 %	3.0 %	3.0 %
EBIT (operating profit)	**32.9**	**36.4**	**38.8**	**40.1**	**40.9**	**41.7**	**42.6**	**43.4**	**44.3**	**36.4**	**37.2**	
+ Depreciation	29.5	29.7	30.0	30.9	31.5	32.1	32.8	33.4	34.0	34.5	34.8	
- Paid taxes	-2.2	-4.9	-5.7	-5.9	-6.0	-6.3	-6.9	-7.1	-7.4	-5.8	-6.0	
- Tax, financial expenses	-3.7	-0.5	-2.5	-2.2	-2.1	-2.1	-1.6	-1.6	-1.5	-1.4	-1.4	
+ 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	18.4	-14.9	-1.4	-0.9	-0.9	-0.9	-0.4	-0.4	-0.4	-0.4	-0.4	
Operating cash flow	**74.9**	**45.8**	**59.3**	**62.1**	**63.3**	**64.6**	**66.4**	**67.7**	**69.0**	**63.3**	**64.1**	
+ Change in other long-term liabilities	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-20.5	-34.8	-35.3	-34.7	-35.1	-35.5	-35.9	-36.3	-36.7	-37.1	-36.6	
Free operating cash flow	**54.0**	**11.0**	**23.9**	**27.3**	**28.2**	**29.1**	**30.5**	**31.4**	**32.3**	**26.2**	**27.5**	
+/- Other	-10.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	43.2	11.0	23.9	27.3	28.2	29.1	30.5	31.4	32.3	26.2	27.5	406
Discounted FCFF		**10.8**	**21.7**	**22.7**	**21.5**	**20.4**	**19.7**	**18.6**	**17.5**	**13.0**	**12.6**	**186**
Sum of FCFF present value		364	353	332	309	287	267	247	229	211	198	186
Enterprise value DCF		**364**										
- Interest bearing debt		-213.6										
+ Cash and cash equivalents		51.1										
+ Associated companies		13.4										
-Minorities		-22.5										
-Dividend/capital return		-7.2										
Equity value DCF		**185.4**										
Equity value DCF per share		**2.06**										

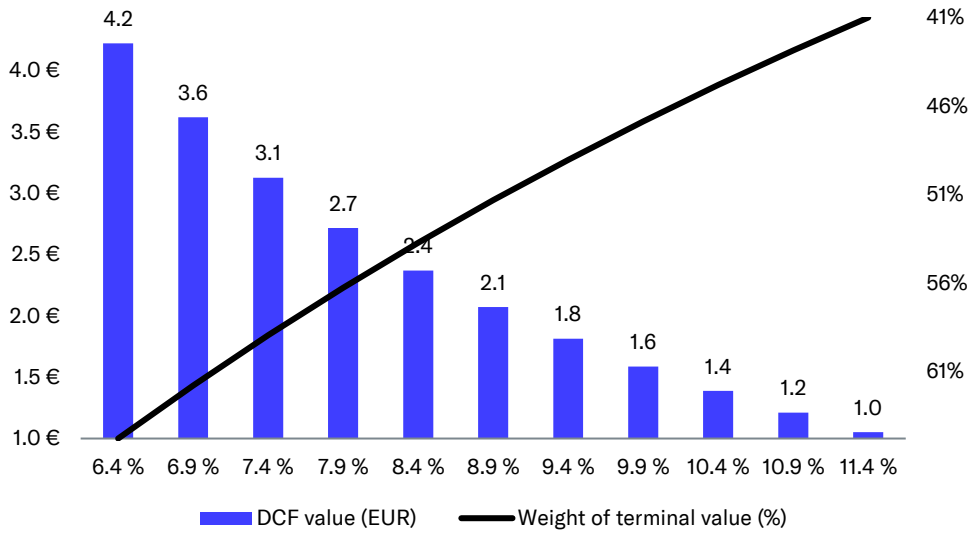
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	15.0 %
Cost of debt	5.0 %
Equity Beta	1.43
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	3.0 %
Cost of equity	**9.8 %**
Weighted average cost of capital (WACC)	**8.9 %**

Source: Inderes

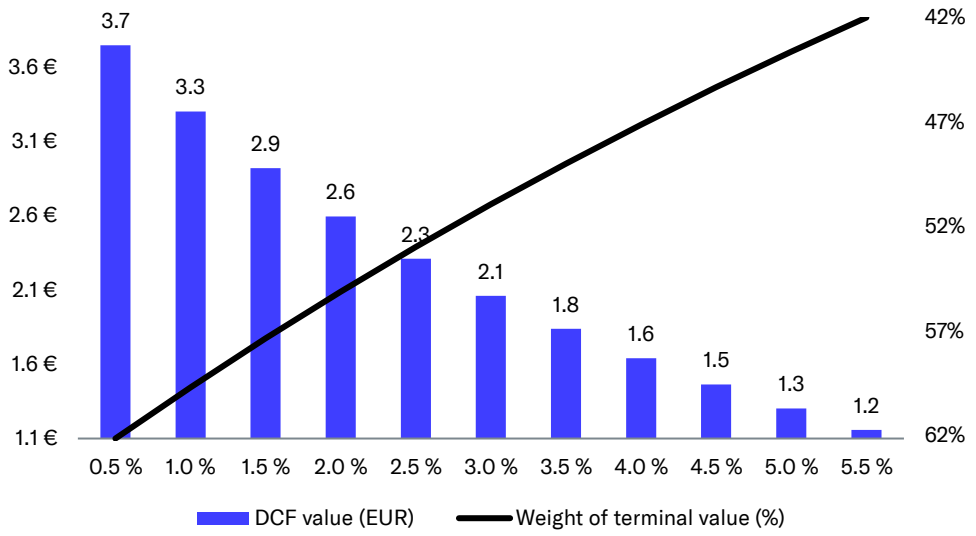


DCF sensitivity calculations and key assumptions in graphs

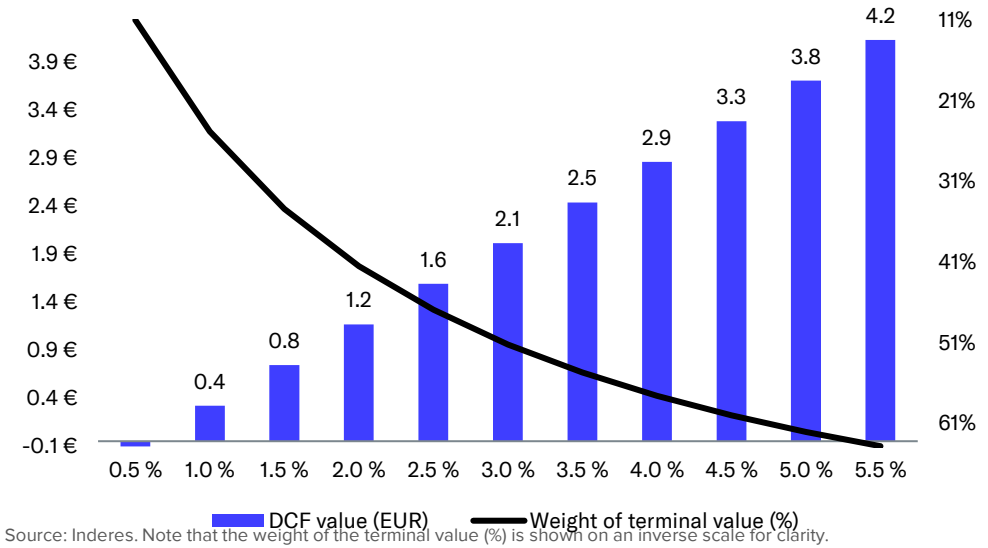
Sensitivity of DCF to changes in the WACC-%



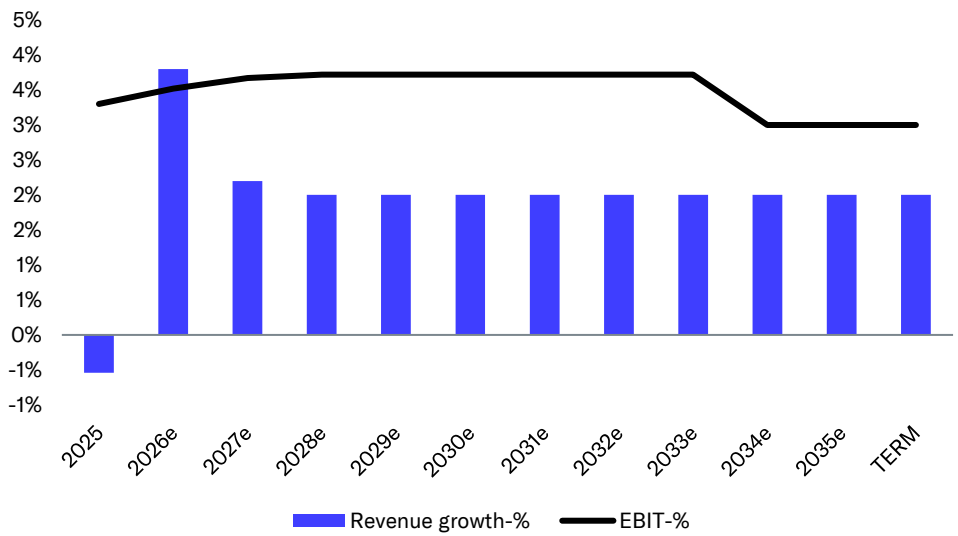
Sensitivity of DCF to changes in the risk-free rate



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	2023	2024	2025	2026e	2027e
Revenue	1163.2	1001.8	996.4	**1034.3**	**1057.0**
EBITDA	52.8	56.3	62.4	**66.1**	**68.8**
EBIT	17.5	22.4	32.9	**36.4**	**38.8**
PTP	-8.9	4.1	18.7	**36.0**	**28.4**
Net Income	-26.4	-29.3	-0.4	**25.1**	**18.6**
Extraordinary items	2.6	-5.3	-1.1	**-0.9**	**0.0**

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	851.7	527.6	512.5	**538.7**	**549.3**
Equity capital	238.0	215.4	193.8	**210.0**	**217.0**
Goodwill	27.8	27.8	27.8	**27.8**	**27.8**
Net debt	278.2	149.7	142.5	**144.4**	**144.2**

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	52.8	56.3	62.4	**66.1**	**68.8**
Change in working capital	25.1	-8.5	18.4	**-14.9**	**-1.4**
Operating cash flow	72.5	41.8	74.9	**45.8**	**59.3**
CAPEX	-29.9	259.2	-20.5	**-34.8**	**-35.3**
Free cash flow	98.3	131.1	43.2	**11.0**	**23.9**

Valuation multiples	2023	2024	2025	2026e	2027e
EV/S	0.3	0.2	0.3	**0.3**	**0.3**
EV/EBITDA	7.3	4.3	4.9	**4.9**	**4.7**
EV/EBIT (adj.)	26.0	8.7	8.9	**8.7**	**8.4**
P/E (adj.)	neg.	neg.	16.6	**11.7**	**9.1**
P/B	0.5	0.4	0.9	**0.9**	**0.9**
Dividend-%	0.0 %	18.2 %	5.4 %	**6.5 %**	**7.1 %**

Source: Inderes

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	-0.29	-0.37	-0.04	**0.26**	**0.19**
EPS (adj.)	-0.32	-0.05	0.09	**0.15**	**0.19**
OCF / share	0.74	0.46	0.83	**0.51**	**0.66**
OFCF / share	1.01	1.46	0.48	**0.12**	**0.27**
Book value / share	2.17	2.10	1.86	**2.04**	**2.11**
Dividend / share	0.00	0.14	0.08	**0.11**	**0.12**

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	-37%	-14%	-1%	**4%**	**2%**
EBITDA growth-%	-6%	7%	11%	**6%**	**4%**
EBIT (adj.) growth-%	54%	86%	23%	**10%**	**4%**
EPS (adj.) growth-%	57%	86%	294%	**63%**	**29%**
EBITDA-%	4.5 %	5.6 %	6.3 %	**6.4 %**	**6.5 %**
EBIT (adj.)-%	1.3 %	2.8 %	3.4 %	**3.6 %**	**3.7 %**
EBIT-%	1.5 %	2.2 %	3.3 %	**3.5 %**	**3.7 %**
ROE-%	-11.2 %	-14.7 %	-0.2 %	**14.3 %**	**10.0 %**
ROI-%	3.2 %	5.0 %	8.5 %	**9.7 %**	**9.8 %**
Equity ratio	27.9 %	40.8 %	37.8 %	**39.0 %**	**39.5 %**
Gearing	116.9 %	69.5 %	73.5 %	**68.8 %**	**66.4 %**
Net debt/EBITDA	5.3	2.7	2.3	**2.2**	**2.1**
EBITDA/net financials	1.9	2.9	4.2	**27.5**	**5.8**

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. Per-share figures are calculated using the number of shares at year-end.

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
6/1/2024	Reduce	0.65 €	0.70 €
8/8/2024	Reduce	0.55 €	0.63 €
9/26/2024	Reduce	0.70 €	0.72 €
11/6/2024	Reduce	0.85 €	0.88 €
1/15/2025	Reduce	1.00 €	1.00 €
2/17/2025	Reduce	1.00 €	1.09 €
5/8/2025	Accumulate	1.30 €	1.17 €
6/10/2025	Reduce	1.50 €	1.78 €
8/7/2025	Accumulate	1.70 €	1.53 €
9/4/2025	Accumulate	1.70 €	1.52 €
11/5/2025	Accumulate	1.80 €	1.63 €
12/30/2025	Buy	1.80 €	1.38 €
2/16/2026	Accumulate	2.00 €	1.78 €
4/28/2026	Reduce	1.70 €	1.71 €
5/6/2026	Reduce	1.70 €	1.70 €
8/6/2026	Accumulate	1.80 €	1.63 €
11/4/2026	Accumulate	1.90 €	1.70 €



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