

# KH GROUP

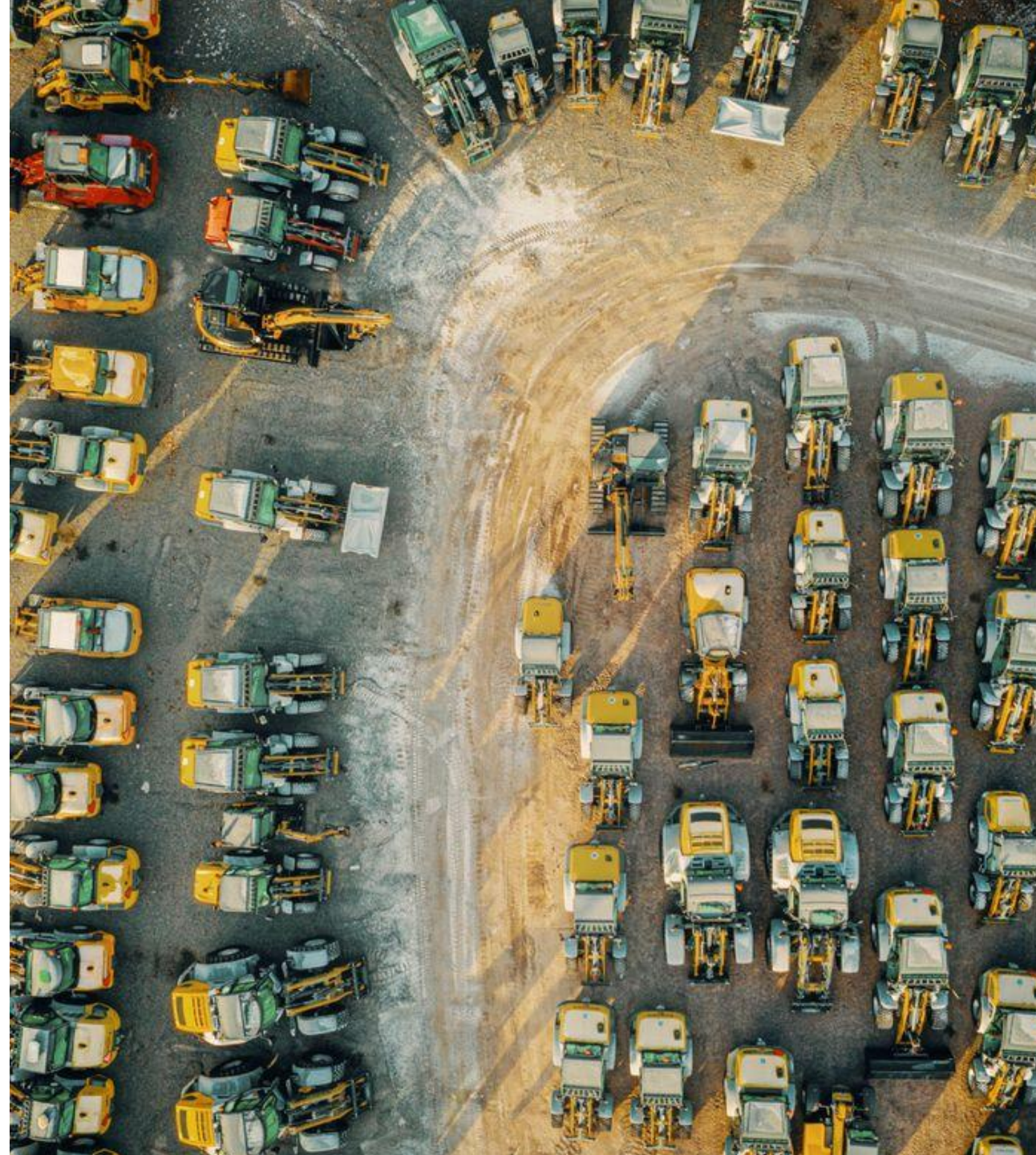
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## INDERES CORPORATE CUSTOMER COMPANY REPORT



# Clearer focus going forward

The price tag for divesting Indoor was substantial for KH Group, as the company had to waive its receivables and repay 2.0 MEUR of bank loans. With the transaction, KH Group completed its strategic transformation journey, and the availability of financing for its subsidiaries should improve. However, the valuation picture for the share looks challenging until we see a level correction in KH-Koneet's profitability. We reiterate our Reduce recommendation but revise our target price to EUR 0.45 (was EUR 0.50).

## Indoor Group's story deteriorated sharply in recent years

Indoor Group became part of the Group when Sievi Capital, then part of a broader investor group, acquired Indoor Group from Kesko for a debt-free purchase price of 67 MEUR in 2017. Indoor's profitability initially developed favorably, reaching an EBIT level of 14-16 MEUR in 2020-2021 amidst the nesting trend following the COVID-19 pandemic. However, the subsequent collapse of the furniture market showed that the earnings level was not sustainable. The company was no longer competitive in a weak economic environment, despite the introduction of a new ERP system, exiting Estonia, closing the weakest stores, and combining the operations of Asko and Sotka stores. In addition to operational rescue measures, KH Group made an additional investment of 2.1 MEUR in Indoor at the end of 2023 and granted the company a 1 MEUR shareholder loan at the beginning of 2025. Considering the company's historical performance and the capital allocated to it, the loss of receivables and the repayment of 2 MEUR in bank loans to exit Indoor Group for a nominal consideration is a clear disappointment. Due to changed management and a changed strategy, the current KH Group cannot be held responsible for the Indoor Group investment.

## The pieces of the story are starting to fall into place

We see the potential for significant earnings growth at KH Group as the cyclical recovery of the construction sector strengthens KH-Koneet's earnings performance. In our view, NRG's earnings performance has reached its short-term potential, fueled by a strong demand cycle. We have added the earnings impact of the Indoor Group transaction to our forecasts for the rest of the year. At the same time, we have slightly lowered the Group's administrative costs in our forecasts for the coming years, as the Group's structural transformation journey is now complete with KH Group having integrated NRG into its strategy. For KH-Koneet, we have slightly lowered our forecasts for next year due to the sluggish outlook for the construction sector. With the structural transformation journey completed, the pieces of KH Group's turnaround story are slowly falling into place. However, we would still like to see more continuity in business development – the Group's current CEO has described his tenure as a project, and KH-Koneet's founder and CEO will leave his position at the beginning of next year. In addition to the development of the construction sector, the upcoming change of CEO at KH-Koneet is another key factor that increases uncertainty related to future development.

## Current valuation requires too much faith in a rapid earnings improvement

With our current year estimates, KH Group's EV/EBIT multiple is at a very high 20x level, and with our estimates incorporating a significant earnings improvement next year, it is still at a high 15x level. However, due to KH Group's low relative profitability and significant financial leverage, earnings-based valuation is sensitive to even small forecast changes. Our DCF model, which indicates longer-term potential, implies a value of EUR 0.46 per share for the group, although the model relies on a sustainable improvement in profitability.

## Recommendation

**Reduce**

(was Reduce)

## Target price:

**EUR 0.45**

(was EUR 0.50)

## Share price:

EUR 0.42

## Business risk



## Valuation risk



	2024	2025e	2026e	2027e
<b>Revenue</b>	194	200	212	233
<b>growth-%</b>	-52%	3%	6%	10%
<b>EBIT adj.</b>	7.2	5.4	6.6	9.1
<b>EBIT-% adj.</b>	3.7 %	2.7 %	3.1 %	3.9 %
<b>PTP</b>	1.6	-3.1	1.7	4.5
<b>Net income</b>	6.7	-2.8	1.0	3.3
<b>EPS (adj.)</b>	-0.40	0.02	0.02	0.06
<b>Dividend</b>	0.00	0.00	0.00	0.00
<b>P/E (adj.)</b>	neg.	17.8	24.9	7.4
<b>P/B</b>	0.6	0.5	0.5	0.5
<b>Dividend yield-%</b>	0.0 %	0.0 %	0.0 %	0.0 %
<b>EV/EBIT (adj.)</b>	14.2	20.1	14.4	10.4
<b>EV/EBITDA</b>	5.0	6.9	4.5	4.0
<b>EV/S</b>	0.5	0.5	0.4	0.4

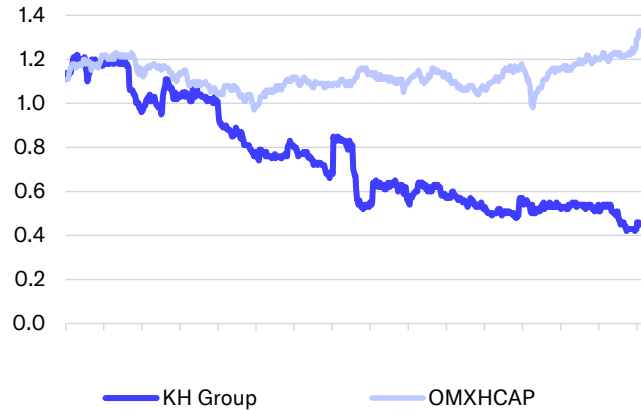
Source: Inderes

## Guidance

(Unchanged)

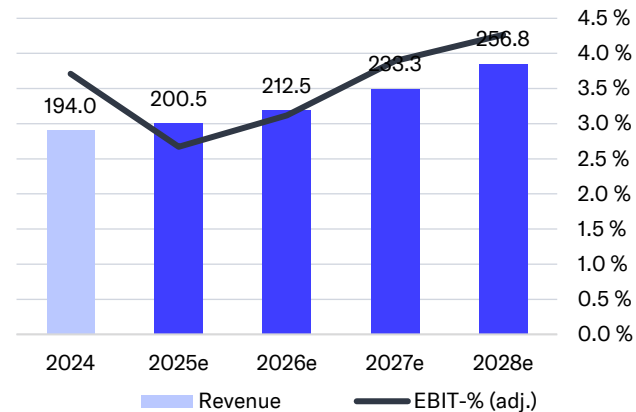
KH Group estimates that in 2025, the revenue from continuing operations will be 190-200 MEUR and the comparable EBIT will be 5-6 MEUR.

## Share price



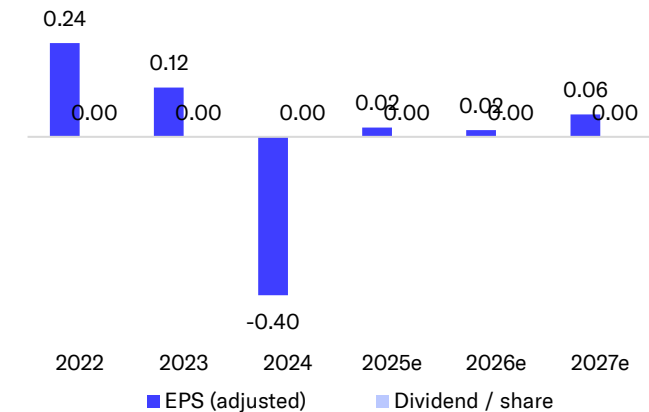
Source: Millistream Market Data AB

## Revenue and EBIT-% (adj.)



Source: Inderes

## EPS and dividend



Source: Inderes

## Value drivers

- Systematic development of holdings
- M&A transactions
- Renewal of subsidiaries' financing base and simplification of structures
- Developing the brand portfolio

## Risk factors

- Deteriorating economic situation
- The risk related to KH-Koneet's development due to the change in management
- KH Maskin's profitability challenges dragging on
- Loss of investment opportunities due to tight balance sheet position

Valuation	2025e	2026e	2027e
<b>Share price</b>	0.42	0.42	0.42
<b>Number of shares, millions</b>	58.1	58.1	58.1
<b>Market cap</b>	24	24	24
<b>EV</b>	107	96	94
<b>P/E (adj.)</b>	17.8	24.9	7.4
<b>P/E</b>	neg.	24.9	7.4
<b>P/B</b>	0.5	0.5	0.5
<b>P/S</b>	0.1	0.1	0.1
<b>EV/Sales</b>	0.5	0.4	0.4
<b>EV/EBITDA</b>	6.9	4.5	4.0
<b>EV/EBIT (adj.)</b>	20.1	14.4	10.4
<b>Payout ratio (%)</b>	0.0 %	0.0 %	0.0 %
<b>Dividend yield-%</b>	0.0 %	0.0 %	0.0 %

Source: Inderes

# Indoor exit into earnings forecasts

## Direct effects of the Indoor divestment on forecasts

In connection with the report, we have added a 3.3 MEUR expense item to our current year forecasts related to the Indoor Group divestment. KH Group had already written down its ownership in Indoor Group and the loans granted to the company earlier in the year (excl. the 1 MEUR capital loan granted in the spring), which limited the impact of the divestment on earnings. We have recorded the expense as non-recurring, so it does not affect comparable figures. This is in line with the company's guidance, which assesses the development of continuing operations.

For the time being, we have kept Indoor Group as an asset held for sale in our balance sheet forecasts, where it does not, however, affect cash flow or returns on capital. We will update our balance sheet forecasts to reflect the current group structure in connection with the Q4 report. At the same time, we have slightly lowered our growth forecasts for KH-Koneet for 2026-2027, mainly due to the still

sluggish outlook for the Finnish construction sector.

## Management to focus on financing and corporate structures next

According to management communications, the divestment from Indoor Group should improve the availability of financing for both KH-Koneet and NRG. In our opinion, this may explain why KH-Koneet has not carried out acquisitions in recent years. It is naturally positive if other subsidiaries are able to invest more effectively in growth after the Indoor exit. On the other hand, Indoor's loans repaid in connection with the divestment take some 2 MEUR away from other potential investments.

With the Indoor exit, KH Group's structural transformation journey is complete, as the company no longer actively seeks to divest NRG. In our view, this enables a more flexible and long-term development of NRG's business, as targets are often valued based on their current financial

performance in M&A transactions.

In our view, KH Group's management will next focus on improving the Group's financing (there is room for improvement in financing costs) and developing the company structure, e.g., by simplifying the legal structures of subsidiaries to enable cost savings. Finding a suitable successor for KH-Koneet's CEO is also naturally crucial for the company's near future.

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	200	200	0%	214	212	-1%	236	233	-1%
EBITDA	19.0	15.7	-18%	21.4	21.1	-1%	23.9	23.7	-1%
EBIT (excl. NRIs)	5.4	5.4	-1%	6.9	6.6	-3%	9.2	9.1	-2%
EBIT	4.5	1.2	-74%	6.9	6.6	-3%	9.2	9.1	-2%
PTP	0.3	-3.1	-1197%	2.1	1.7	-16%	4.7	4.5	-5%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

# Valid arguments for and against

## Indoor exit clarified the story

Divesting from Indoor clarified KH Group's investment story by simplifying the Group's operational structure and removing the risk of poor capital allocation to that company. At a high level, it is easy to outline a scenario for KH Group where KH-Koneet's performance recovers, which would enable significant earnings growth and a re-rating of the stock. The historical track record supports this, but relying on it has become increasingly difficult due to recent developments, the weakly profitable Swedish machinery trade, and the upcoming CEO change. Overall, we would like to see continuity in KH Group's investment story, as the frequent management changes and altered strategic priorities in recent years have hampered the long-term development of the group.

## Earnings-based valuation requires too much patience

When assessing KH Group's earnings-based valuation, it is important to consider the 31.9% ownership stake of NRG's minority shareholders, as well as the pressured earnings performance of KH-Koneet due to cyclical weakness. If the minority shareholders' share of NRG's earnings and debt is taken into account in our forecasts for KH Group for the coming years, the Group's EV/EBIT ratios for 2026-2027 are slightly elevated at 14x and 10x. Due to KH-Koneet's cyclically pressured profitability, the company's earnings level can strengthen very quickly as the construction sector recovers. For this reason, we believe it is interesting to look at the Group's valuation level also through KH-Koneet's peak earnings. If the EBIT level of KH-Koneet in our near-term forecasts is replaced by the 10.5 MEUR EBIT of the cyclical peak year 2022, the corresponding EV/EBIT ratios

are 9x and 8x, respectively. These multiples turn interesting in our view, but require the cyclical earnings performance of KH-Koneet to recover back to the peak level of the previous strong construction cycle. We still consider KH-Koneet a growth company with all the prerequisites to grow its earnings over the cycle. However, due to the company's upcoming CEO change, the current downward trend in earnings, and the strength of the previous construction cycle, we believe there is a clear risk associated with achieving a new record profit and its timing, which keeps us cautious for now. With our current forecasts, KH-Koneet will make a new record result in 2028-2029.

## DCF model suggests that the stock is correctly priced

Our DCF model, which reflects the potential of KH Group's continuing businesses, indicates a value of EUR 0.46 per share. The model takes into account the company's longer-term normalized potential over the cycle. We assume KH Group's EBIT margin will normalize to a higher level of 5.5% compared to recent years, as KH-Koneet's Swedish operations mature, the rapid growth rate stabilizes, and the weight of machine rental, which has a higher relative profitability profile, increases. We believe it is clear that a recovery in the demand environment would also support a strengthening of relative profitability. Looking further ahead, however, strengthening the profitability of the Swedish business plays a critical role in enabling growth-driven value creation. However, in our view, it is challenging to fully rely on the long-term potential as KH-Koneet's profitability is developing in the wrong direction and due to the company's upcoming CEO change.

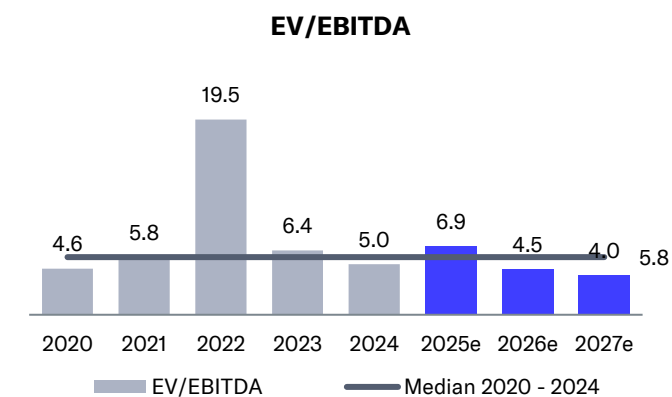
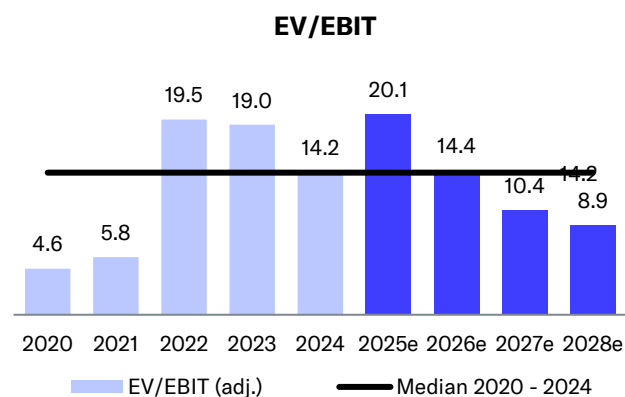
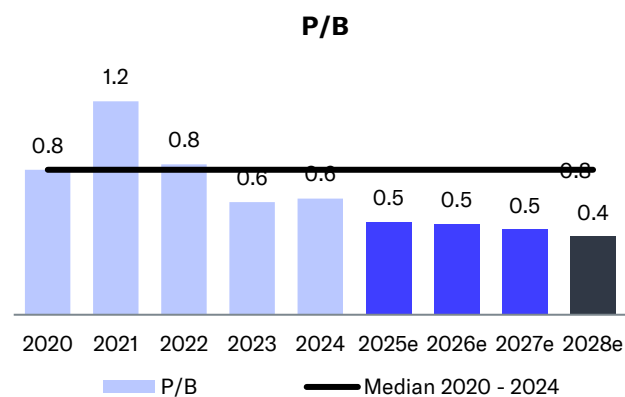
Valuation	2025e	2026e	2027e
Share price	0.42	0.42	0.42
Number of shares, millions	58.1	58.1	58.1
Market cap	24	24	24
EV	107	96	94
P/E (adj.)	17.8	24.9	7.4
P/E	neg.	24.9	7.4
P/B	0.5	0.5	0.5
P/S	0.1	0.1	0.1
EV/Sales	0.5	0.4	0.4
EV/EBITDA	6.9	4.5	4.0
EV/EBIT (adj.)	20.1	14.4	10.4
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

# Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	1.08	1.92	1.18	0.81	0.56	0.42	0.42	0.42	0.42
Number of shares, millions	58.0	58.1	58.1	58.1	58.1	58.1	58.1	58.1	58.1
Market cap	63	112	69	47	32	24	24	24	24
EV	54	116	232	205	102	107	96	94	98
P/E (adj.)	6.3	6.1	5.0	6.5	neg.	17.8	24.9	7.4	5.3
P/E	6.3	6.1	5.0	neg.	neg.	neg.	24.9	7.4	5.3
P/B	0.8	1.2	0.8	0.6	0.6	0.5	0.5	0.5	0.4
P/S	19.6	9.7	0.2	0.1	0.2	0.1	0.1	0.1	0.1
EV/Sales	16.9	10.1	0.5	0.5	0.5	0.5	0.4	0.4	0.4
EV/EBITDA	4.6	5.8	19.5	6.4	5.0	6.9	4.5	4.0	3.8
EV/EBIT (adj.)	4.6	5.8	19.5	19.0	14.2	20.1	14.4	10.4	8.9
Payout ratio (%)	23.4 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Dividend yield-%	3.7 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Inderes



# Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
United Rentals Inc	44752	56607	15.8	14.6	8.9	8.4	4.0	3.8	18.8	17.0	0.9	1.0	5.8
Ashtead Group PLC	22414	31233	13.6	13.7	7.1	7.1	3.3	3.3	17.0	16.6	1.7	1.8	4.1
McGrath RentCorp	2139	2613	12.7	11.9	8.5	8.1	3.2	3.1	16.5	15.2	1.9	1.9	2.1
Speedy Hire PLC	140	389	14.0	10.9	3.5	3.2	0.8	0.8	15.1	10.4	9.2	5.7	0.5
VP PLC	263	495	9.3	9.2	4.0	4.0	1.2	1.1	8.4	8.4	6.8	7.0	1.5
Wetteri Oyj	30	138		18.5	18.6	5.9	0.3	0.3		23.8			0.6
Bilia AB	1054	1848	15.1	12.9	7.8	7.2	0.5	0.5	14.0	11.4	5.1	5.8	2.2
Ferronordic AB	60	209	30.7	13.0	5.1	4.2	0.5	0.5		10.5	2.0	1.3	0.5
<b>KH Group (Inderes)</b>	<b>24</b>	<b>107</b>	<b>20.1</b>	<b>14.4</b>	<b>6.9</b>	<b>4.5</b>	<b>0.5</b>	<b>0.4</b>	<b>17.8</b>	<b>24.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.5</b>
<b>Average</b>			<b>15.9</b>	<b>13.1</b>	<b>7.9</b>	<b>6.0</b>	<b>1.7</b>	<b>1.7</b>	<b>14.9</b>	<b>14.1</b>	<b>3.9</b>	<b>3.5</b>	<b>2.2</b>
<b>Median</b>			<b>14.0</b>	<b>12.9</b>	<b>7.5</b>	<b>6.5</b>	<b>1.0</b>	<b>0.9</b>	<b>15.8</b>	<b>13.3</b>	<b>2.0</b>	<b>1.9</b>	<b>1.8</b>
<b>Diff-% to median</b>			<b>43%</b>	<b>12%</b>	<b>-8%</b>	<b>-31%</b>	<b>-46%</b>	<b>-52%</b>	<b>13%</b>	<b>87%</b>	<b>-100%</b>	<b>-100%</b>	<b>-71%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
<b>Revenue</b>	<b>40.4</b>	<b>52.2</b>	<b>39.7</b>	<b>61.7</b>	<b>194</b>	<b>41.8</b>	<b>54.2</b>	<b>45.3</b>	<b>59.1</b>	<b>200</b>	<b>212</b>	<b>233</b>	<b>257</b>
KH-Koneet	29.2	41.1	33.6	45.8	150	33.1	43.6	37.9	43.1	158	167	189	211
Indoor Group	37.8	37.1	46.0	40.7	162	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nordic Rescue Group	11.1	11.1	6.1	15.9	44.2	8.7	10.6	7.5	16.1	42.8	45.4	44.5	45.4
<b>EBITDA</b>	<b>2.5</b>	<b>6.3</b>	<b>3.3</b>	<b>8.2</b>	<b>20.3</b>	<b>3.6</b>	<b>4.1</b>	<b>4.5</b>	<b>3.4</b>	<b>15.7</b>	<b>21.1</b>	<b>23.7</b>	<b>26.0</b>
Depreciation	-3.0	-4.2	-2.2	-5.1	-14.5	-3.7	-3.7	-3.6	-3.5	-14.5	-14.5	-14.6	-15.1
<b>EBIT (excl. NRI)</b>	<b>-0.1</b>	<b>2.4</b>	<b>1.5</b>	<b>3.4</b>	<b>7.2</b>	<b>0.2</b>	<b>0.8</b>	<b>1.2</b>	<b>3.2</b>	<b>5.4</b>	<b>6.6</b>	<b>9.1</b>	<b>11.0</b>
<b>EBIT</b>	<b>-0.5</b>	<b>2.1</b>	<b>1.1</b>	<b>3.1</b>	<b>5.8</b>	<b>-0.1</b>	<b>0.5</b>	<b>0.9</b>	<b>-0.1</b>	<b>1.2</b>	<b>6.6</b>	<b>9.1</b>	<b>11.0</b>
KH-Koneet	-0.4	2.0	1.9	2.8	6.3	-0.1	0.8	1.5	2.6	4.8	6.2	8.7	10.4
Indoor Group	-0.3	-2.6	1.8	-0.4	-1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nordic Rescue Group	0.7	0.9	0.0	1.2	2.8	0.8	0.8	0.2	1.4	3.2	3.0	2.2	2.4
Non-allocated items and PPA amortization	-0.8	-0.8	-0.8	-0.9	-3.3	-0.8	-1.1	-0.8	-0.8	-3.6	-2.5	-1.8	-1.8
Net financial items	-1.5	-1.4	-1.2	-0.1	-4.2	-0.4	-1.3	-0.9	-1.6	-4.2	-4.9	-4.6	-4.8
<b>PTP</b>	<b>-1.9</b>	<b>0.7</b>	<b>-0.2</b>	<b>3.0</b>	<b>1.6</b>	<b>-0.5</b>	<b>-0.9</b>	<b>-0.1</b>	<b>-1.6</b>	<b>-3.1</b>	<b>1.7</b>	<b>4.5</b>	<b>6.1</b>
Taxes	0.2	-0.1	0.0	-0.3	-0.2	0.1	0.2	0.0	0.3	0.7	-0.3	-0.9	-1.2
Minority interest	0.5	1.5	0.0	3.3	5.3	-0.1	-0.2	0.0	-0.1	-0.4	-0.4	-0.3	-0.3
<b>Net earnings</b>	<b>-2.8</b>	<b>-1.5</b>	<b>2.8</b>	<b>-23.3</b>	<b>-24.7</b>	<b>-0.5</b>	<b>-0.8</b>	<b>-0.1</b>	<b>-1.4</b>	<b>-2.8</b>	<b>1.0</b>	<b>3.3</b>	<b>4.6</b>
<b>EPS (adj.)</b>	<b>-0.04</b>	<b>-0.02</b>	<b>0.06</b>	<b>-0.40</b>	<b>-0.40</b>	<b>0.00</b>	<b>-0.01</b>	<b>0.00</b>	<b>0.03</b>	<b>0.02</b>	<b>0.02</b>	<b>0.06</b>	<b>0.08</b>
<b>EPS (rep.)</b>	<b>-0.05</b>	<b>-0.02</b>	<b>0.05</b>	<b>-0.40</b>	<b>-0.42</b>	<b>-0.01</b>	<b>-0.01</b>	<b>0.00</b>	<b>-0.02</b>	<b>-0.05</b>	<b>0.02</b>	<b>0.06</b>	<b>0.08</b>

Key figures	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
<b>Revenue growth-%</b>	-59.7 %	-48.0 %	-59.3 %	-41.3 %	-51.9 %	3.5 %	3.9 %	14.1 %	-4.2 %	3.3 %	6.0 %	9.8 %	10.1 %
<b>Adjusted EBIT growth-%</b>	-105.5 %	-18.6 %	-70.9 %	100.9 %	-33.3 %	-433.3 %	-66.9 %	-21.9 %	-5.9 %	-25.6 %	23.8 %	37.0 %	20.7 %
<b>EBITDA-%</b>	6.3 %	12.1 %	8.2 %	13.3 %	10.5 %	8.7 %	7.6 %	9.8 %	5.8 %	7.8 %	10.0 %	10.2 %	10.1 %
<b>Adjusted EBIT-%</b>	-0.1 %	4.5 %	3.7 %	5.5 %	3.7 %	0.5 %	1.4 %	2.6 %	5.4 %	2.7 %	3.1 %	3.9 %	4.3 %
<b>Net earnings-%</b>	-6.8 %	-2.8 %	7.1 %	-37.7 %	-12.7 %	-1.2 %	-1.5 %	-0.2 %	-2.4 %	-1.4 %	0.5 %	1.4 %	1.8 %

Source: Inderes



# Balance sheet

Assets	2023	2024	2025e	2026e	2027e
<b>Non-current assets</b>	<b>213</b>	<b>184</b>	<b>184</b>	<b>182</b>	<b>182</b>
Goodwill	39.9	7.7	7.7	7.7	7.7
Intangible assets	63.8	10.3	9.4	8.7	8.4
Tangible assets	103	51.4	52.2	53.6	56.0
Associated companies	0.0	110	110	110	110
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.7	0.4	0.0	0.0	0.0
Deferred tax assets	5.3	4.1	4.1	2.4	0.0
<b>Current assets</b>	<b>135</b>	<b>87.7</b>	<b>85.2</b>	<b>88.2</b>	<b>94.5</b>
Inventories	100.0	60.2	60.1	61.6	65.3
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	23.7	18.5	18.0	19.1	21.0
Cash and equivalents	11.1	9.0	7.0	7.4	8.2
<b>Balance sheet total</b>	<b>348</b>	<b>272</b>	<b>269</b>	<b>271</b>	<b>277</b>

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
<b>Equity</b>	<b>79.3</b>	<b>49.3</b>	<b>47.1</b>	<b>48.1</b>	<b>51.4</b>
Share capital	15.2	15.2	15.2	15.2	15.2
Retained earnings	46.6	21.9	19.0	20.0	23.3
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	12.9	12.9	12.9	12.9	12.9
Other equity	0.0	0.0	0.0	0.0	0.0
Minorities	4.7	-0.6	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>122</b>	<b>57.9</b>	<b>57.7</b>	<b>57.1</b>	<b>56.8</b>
Deferred tax liabilities	12.7	2.1	2.1	2.1	2.1
Provisions	0.1	0.0	0.0	0.0	0.0
Interest bearing debt	106	55.9	55.7	55.0	54.7
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	3.6	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>147</b>	<b>165</b>	<b>164</b>	<b>165</b>	<b>168</b>
Interest bearing debt	60.4	23.3	23.9	23.6	23.5
Payables	86.2	31.3	30.1	31.9	35.0
Other current liabilities	0.0	110	110	110	110
<b>Balance sheet total</b>	<b>348</b>	<b>272</b>	<b>269</b>	<b>271</b>	<b>277</b>

# DCF calculation

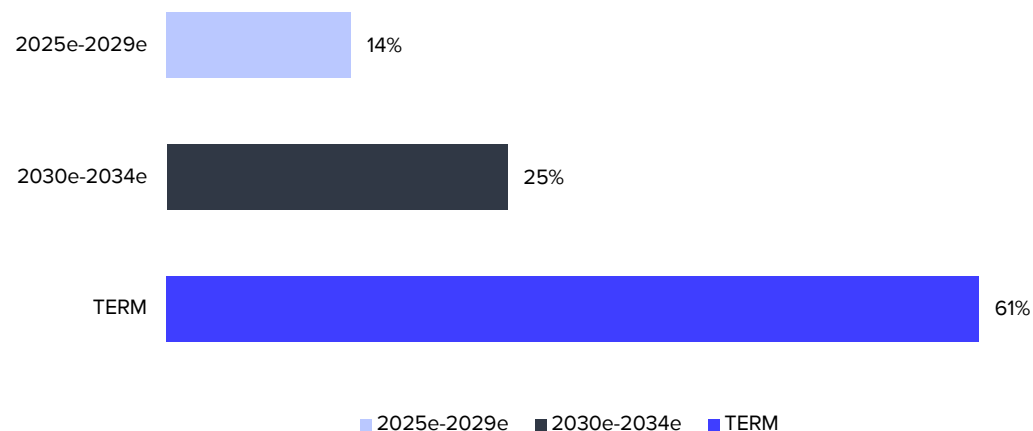
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%		3.3 %	6.0 %	9.8 %	10.1 %	2.5 %	2.5 %	2.0 %	2.0 %	2.0 %	1.5 %	1.5 %
EBIT-%	3.0 %	0.6 %	3.1 %	3.9 %	4.3 %	5.0 %	5.5 %	5.5 %	5.5 %	5.5 %	5.5 %	5.5 %
<b>EBIT (operating profit)</b>	<b>5.8</b>	<b>1.2</b>	<b>6.6</b>	<b>9.1</b>	<b>11.0</b>	<b>13.2</b>	<b>14.8</b>	<b>15.1</b>	<b>15.4</b>	<b>15.7</b>	<b>16.0</b>	
+ Depreciation	14.5	14.5	14.5	14.6	15.1	15.8	15.8	15.9	16.2	16.5	16.8	
- Paid taxes	-9.6	0.7	1.4	1.5	-1.2	-1.7	-2.1	-2.2	-2.3	-2.5	-2.6	
- Tax, financial expenses	-0.5	-0.9	-1.0	-0.9	-1.0	-1.0	-0.9	-0.8	-0.8	-0.7	-0.6	
+ 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		-0.7	-0.8	-2.5	-5.2	-1.4	-1.4	-1.2	-1.2	-1.2	-0.9	
<b>Operating cash flow</b>		<b>14.7</b>	<b>20.8</b>	<b>21.8</b>	<b>18.6</b>	<b>24.9</b>	<b>26.2</b>	<b>26.8</b>	<b>27.3</b>	<b>27.9</b>	<b>28.7</b>	
+ Change in other long-term liabilities		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX		-14.0	-15.2	-16.7	-18.1	-16.0	-16.0	-17.2	-17.5	-17.9	-17.9	
<b>Free operating cash flow</b>		<b>0.8</b>	<b>5.6</b>	<b>5.1</b>	<b>0.5</b>	<b>8.9</b>	<b>10.2</b>	<b>9.6</b>	<b>9.8</b>	<b>10.0</b>	<b>10.8</b>	
+/- Other		-2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF		-1.2	5.6	5.1	0.5	8.9	10.2	9.6	9.8	10.0	10.8	144
<b>Discounted FCFF</b>		<b>-1.2</b>	<b>5.1</b>	<b>4.3</b>	<b>0.4</b>	<b>6.2</b>	<b>6.6</b>	<b>5.7</b>	<b>5.3</b>	<b>4.9</b>	<b>4.9</b>	<b>65.2</b>
Sum of FCFF present value		107	109	103	99.2	98.7	92.5	86.0	80.3	75.0	70.1	65.2
<b>Enterprise value DCF</b>		<b>107</b>										
- Interest bearing debt		-79.2										
+ Cash and cash equivalents		9.0										
-Minorities		-10.6										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>26.6</b>										
<b>Equity value DCF per share</b>		<b>0.46</b>										

## WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	50.0 %
Cost of debt	7.0 %
Equity Beta	1.60
Market risk premium	4.75%
Liquidity premium	2.50%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>12.6 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>9.1 %</b>

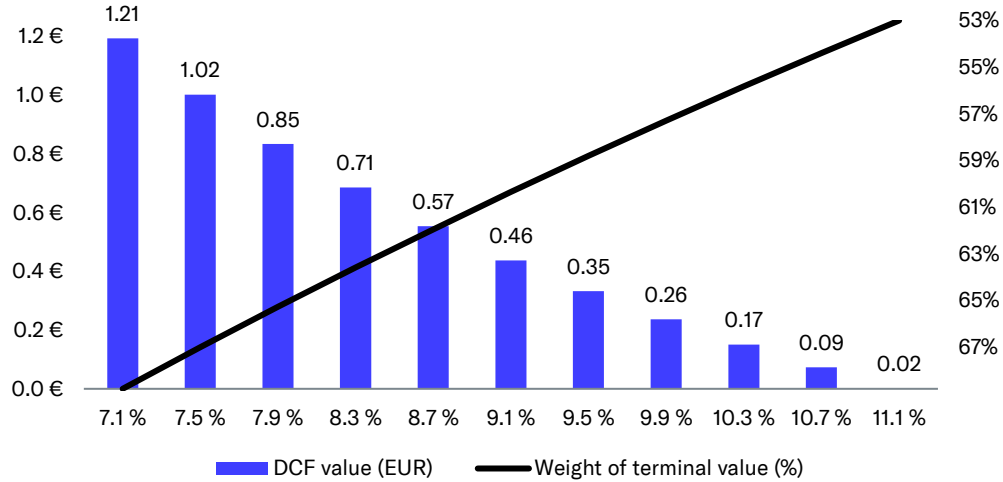
Source: Inderes

## Cash flow distribution

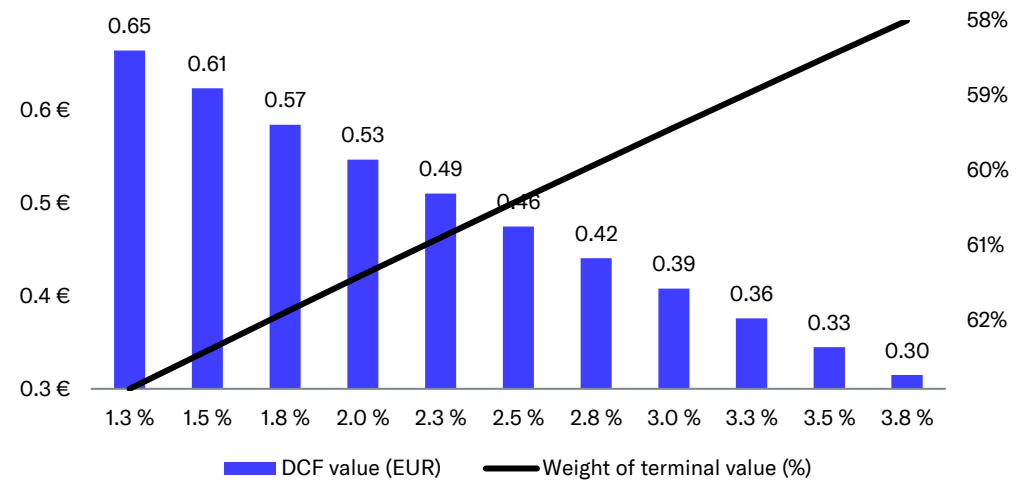


# DCF sensitivity calculations and key assumptions in graphs

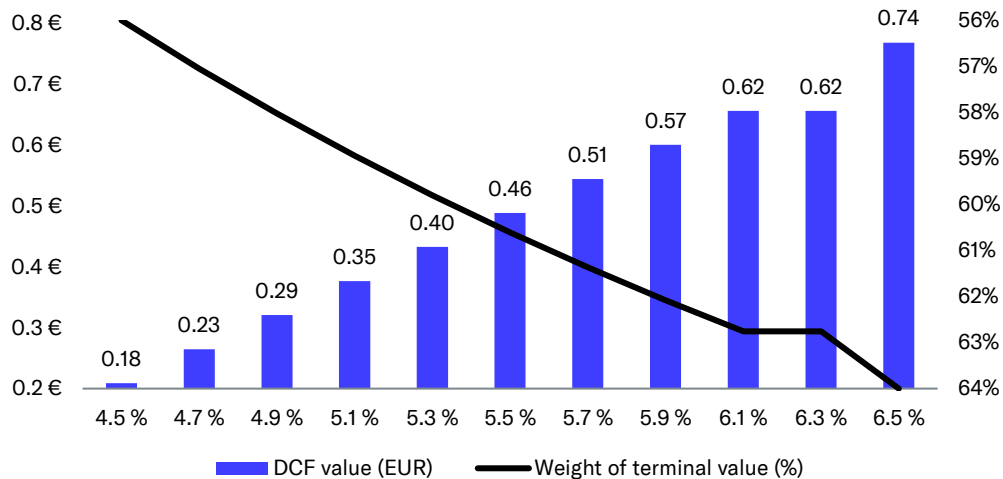
Sensitivity of DCF to changes in the WACC-%



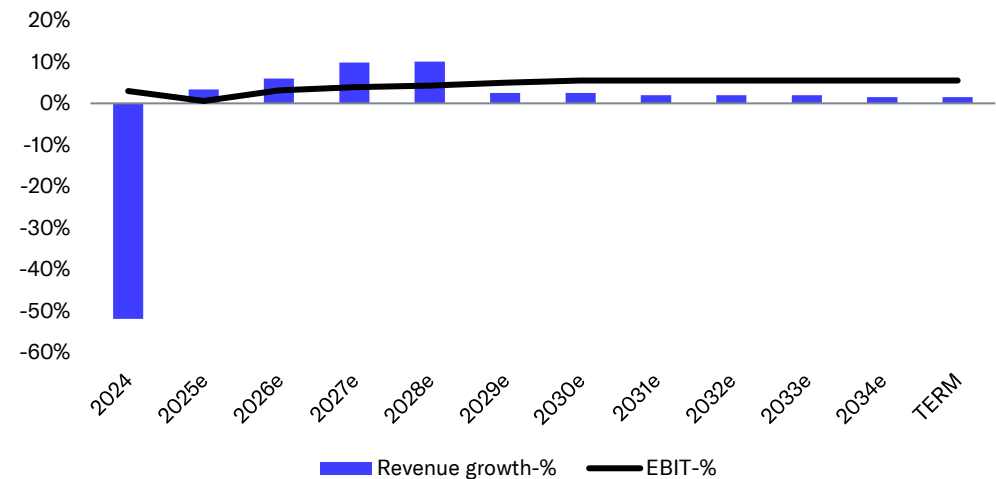
Sensitivity of DCF to changes in the risk-free rate



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	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	428.9	403.2	194.0	<b>200.5</b>	<b>212.5</b>	EPS (reported)	0.24	-0.11	-0.42	<b>-0.05</b>	<b>0.02</b>
EBITDA	11.9	31.9	20.3	<b>15.7</b>	<b>21.1</b>	EPS (adj.)	0.24	0.12	-0.40	<b>0.02</b>	<b>0.02</b>
EBIT	11.9	-3.1	5.8	<b>1.2</b>	<b>6.6</b>	OCF / share	-0.64	0.75	1.90	<b>0.25</b>	<b>0.36</b>
PTP	11.7	-15.4	1.6	<b>-3.1</b>	<b>1.7</b>	OFCF / share	-4.17	0.17	3.91	<b>-0.02</b>	<b>0.10</b>
Net Income	13.8	-6.7	-24.7	<b>-2.8</b>	<b>1.0</b>	Book value / share	1.40	1.29	0.86	<b>0.81</b>	<b>0.83</b>
Extraordinary items	0.0	-13.9	-1.4	<b>-4.2</b>	<b>0.0</b>	Dividend / share	0.00	0.00	0.00	<b>0.00</b>	<b>0.00</b>
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	377.0	347.7	271.7	<b>268.7</b>	<b>270.6</b>	Revenue growth-%	3630%	-6%	-52%	<b>3%</b>	<b>6%</b>
Equity capital	87.8	79.3	49.3	<b>47.1</b>	<b>48.1</b>	EBITDA growth-%	-41%	168%	-36%	<b>-23%</b>	<b>35%</b>
Goodwill	37.7	39.9	7.7	<b>7.7</b>	<b>7.7</b>	EBIT (adj.) growth-%	-41%	-9%	-33%	<b>-26%</b>	<b>24%</b>
Net debt	158.2	154.9	70.2	<b>72.5</b>	<b>71.2</b>	EPS (adj.) growth-%	-25%	-48%	-422%	<b>-106%</b>	<b>-28%</b>
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	2.8 %	7.9 %	10.5 %	<b>7.8 %</b>	<b>10.0 %</b>
EBITDA	11.9	31.9	20.3	<b>15.7</b>	<b>21.1</b>	EBIT (adj.)-%	2.8 %	2.7 %	3.7 %	<b>2.7 %</b>	<b>3.1 %</b>
Change in working capital	-55.7	14.0	100.1	<b>-0.7</b>	<b>-0.8</b>	EBIT-%	2.8 %	-0.8 %	3.0 %	<b>0.6 %</b>	<b>3.1 %</b>
Operating cash flow	-37.3	43.4	110.3	<b>14.7</b>	<b>20.8</b>	ROE-%	15.8 %	-8.5 %	-39.6 %	<b>-5.8 %</b>	<b>2.1 %</b>
CAPEX	-207.3	-35.1	123.2	<b>-14.0</b>	<b>-15.2</b>	ROI-%	6.4 %	-1.2 %	3.1 %	<b>0.9 %</b>	<b>5.2 %</b>
Free cash flow	-242.1	9.7	227.4	<b>-1.2</b>	<b>5.6</b>	Equity ratio	23.3 %	22.8 %	18.1 %	<b>17.5 %</b>	<b>17.8 %</b>
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	180.2 %	195.2 %	142.4 %	<b>153.9 %</b>	<b>148.1 %</b>
EV/S	0.5	0.5	0.5	<b>0.5</b>	<b>0.4</b>						
EV/EBITDA	19.5	6.4	5.0	<b>6.9</b>	<b>4.5</b>						
EV/EBIT (adj.)	19.5	19.0	14.2	<b>20.1</b>	<b>14.4</b>						
P/E (adj.)	5.0	6.5	neg.	<b>17.8</b>	<b>24.9</b>						
P/B	0.8	0.6	0.6	<b>0.5</b>	<b>0.5</b>						
Dividend-%	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>						

Source: Inderes

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

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## Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
12/15/2021	Accumulate	2.00 €	1.94 €
3/4/2022	Buy	1.80 €	1.52 €
3/17/2022	Accumulate	1.80 €	1.64 €
5/6/2022	Buy	1.80 €	1.36 €
8/18/2022	Accumulate	1.50 €	1.29 €
11/4/2022	Buy	1.40 €	1.14 €
12/16/2022	Buy	1.40 €	1.17 €
2/21/2023	Accumulate	1.35 €	1.20 €
3/1/2023	Accumulate	1.20 €	1.08 €
5/5/2023	Buy	1.20 €	1.03 €
8/18/2023	Accumulate	1.05 €	0.95 €
<i>Analyst changed</i>			
10/30/2023	Accumulate	0.90 €	0.77 €
11/2/2023	Accumulate	0.90 €	0.79 €
3/11/2024	Accumulate	0.80 €	0.68 €
3/22/2024	Accumulate	0.95 €	0.85 €
5/2/2024	Accumulate	0.80 €	0.70 €
5/7/2024	Reduce	0.65 €	0.61 €
6/10/2024	Accumulate	0.72 €	0.64 €
8/12/2024	Reduce	0.60 €	0.58 €
8/19/2024	Accumulate	0.65 €	0.57 €
11/4/2024	Accumulate	0.68 €	0.60 €
3/17/2025	Accumulate	0.68 €	0.56 €
3/24/2025	Accumulate	0.65 €	0.55 €
5/7/2025	Accumulate	0.65 €	0.53 €
8/18/2025	Accumulate	0.60 €	0.51 €
9/22/2025	Reduce	0.52 €	0.49 €
11/3/2025	Reduce	0.50 €	0.46 €
11/28/2025	Reduce	0.45 €	0.42 €



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