SANOMA

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INDERES CORPORATE CUSTOMER

COMPANY REPORT

Semester start determines the pace of earnings growth

Sanoma's Q2 operating result, which remained at the comparison period's level, was below our estimate, which we believe was primarily due to timing factors in the learning business. Reflecting this, we made no material changes to our estimates, and our expectations for strong earnings growth in the current and coming years remain unchanged. Relative to this earnings growth outlook, the valuation of the share is low, which is why we reiterate our Buy recommendation and EUR 11.5 target price. The Q2 interview with Sanoma's CEO can be viewed here.

Timing-related factors hampered development in Q2

Sanoma's Q2 revenue decreased slightly year-on-year, reflecting a stronger-than-expected decline in Media Finland's revenue in particular. Learning's revenue development, on the other hand, was in line with our expectations, even though, according to the company, about 15 MEUR of its revenue shifted to the next quarter due to timing factors. Against this backdrop, and reflecting increased sales and marketing costs ahead of the peak season, the Learning business's adjusted EBIT remained at the comparison period's level and fell short of our estimate. On the other hand, it was positive that despite a stronger-than-expected top-line decrease, Media Finland significantly improved its margin from the comparison period, reflecting changes in the revenue structure and the segment's continuous efficiency measures. We commented on the Q2 earnings in more detail on Wednesday, which can be read here.

Guidance and outlook reiterated as expected

As expected, Sanoma reiterated its guidance for the current year, which indicates revenue of 1.29-1.34 BEUR and adjusted EBIT of 205-225 MEUR. The underlying assumptions of growing demand for learning materials and a relatively stable advertising market were also expected. Our confidence in the demand growth for learning materials is high, also due to the Q2 figures, whereas the weakness of the advertising market still raises questions about its development, despite the more perky figures in June.

Only minor changes to estimates

We made only minor (+/- 1-3%) revisions to our short- and medium-term estimates at the group level. Based on management's comments, Learning's deferred revenue has already been realized, so we raised its H2 revenue estimates, and as a result, its earnings estimates remained practically unchanged despite falling short of Q2 estimates. Media Finland's estimates were also largely unchanged, as the decrease in revenue estimates was offset by a slight increase in profitability estimates. We estimate Sanoma's adjusted EBIT to rise to 220 MEUR this year (previously 218 MEUR), which is close to the upper end of the earnings guidance range. We believe the good earnings growth outlook for the coming years remains intact, reflecting which, we still expect the average adjusted EBIT growth for 2026-2028 to settle at 7%.

Earnings growth and dividend yield are the drivers of the expected return

Based on the last 12 months' earnings, the share is valued at an adjusted P/E ratio of 14x, and the corresponding adjusted EV/EBITA ratio is 11x. We believe these valuation multiples are relatively neutral for Sanoma, so the expected return for the next few years consists of our estimated earnings growth (2026-2028e EPS CAGR of 16%) and a dividend yield of around 5% Thus, the expected return rises to a very attractive level, considering Sanoma's moderate risk profile. Our DCF model, which is slightly above our target price (EUR 12.1 per share), also suggests a very attractive valuation for the stock.

Recommendation

Buy
(was Buy)

Target price:

EUR 11.50
(was EUR 11.50)

Share price:

EUR 8.98

Business risk

●●○○○

Valuation risk

●●●○○

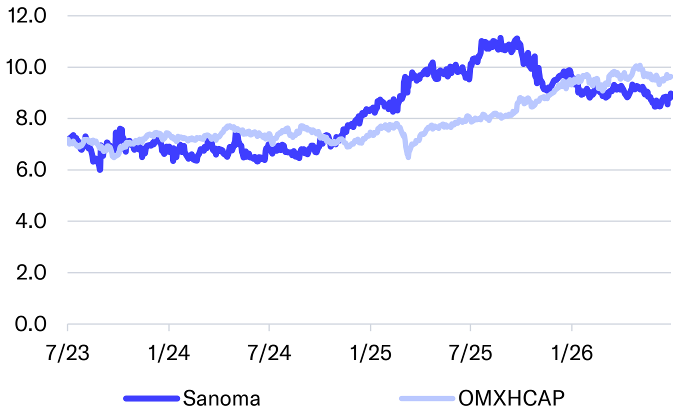
	2025	2026e	2027e	2028e
Revenue	1303	1318	1369	1381
growth-%	-3%	1%	4%	1%
EBIT adj.	188	220	229	230
EBIT-% adj.	14.4 %	16.7 %	16.7 %	16.6 %
Net Income	19.9	117.1	132.2	137.9
EPS (adj.)	0.57	0.82	0.88	0.91
P/E (adj.)	16.4	11.0	10.2	9.9
P/B	2.6	2.3	2.1	2.0
Dividend yield-%	4.5 %	4.9 %	5.1 %	5.3 %
EV/EBIT (adj.)	14.0	11.0	9.9	9.4
EV/EBITDA	6.5	5.7	5.3	5.2
EV/S	1.7	1.6	1.5	1.4

Source: Inderes

Guidance (Unchanged)

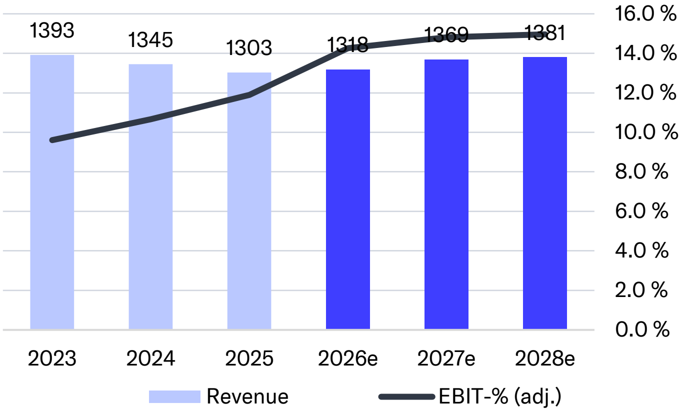
In 2026, Sanoma expects that the group's revenue will be 1.29–1.34 BEUR (2025: 1.3 BEUR) and adjusted EBIT to be 205-225 MEUR (2025: 188 MEUR).

Share price



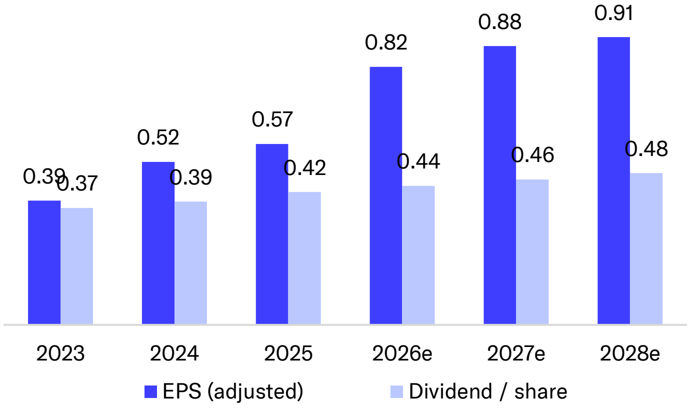
Source: Millistream Market Data AB

Revenue and EBIT % (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Improvement in revenue structure due to Learning's increased relative share
- Learning's revenue and earnings growth outlook
- Growth in Media Finland's digital revenue
- The potential for improved profitability brought about by Media Finland's efficiency measures

Risk factors

- The trend-like decline in print media
- Weakening competitive position, especially against global competitors
- Typical risks associated with acquisitions
- Risks related to general economic development
- Technology risks

Valuation	2026e	2027e	2028e
Share price	8.98	8.98	8.98
Number of shares, millions	164	164	164
Market cap	1469	1469	1469
EV	2077	2013	1952
P/E (adj.)	11.0	10.2	9.9
P/E	12.8	11.1	10.6
P/B	2.3	2.1	2.0
P/S	1.1	1.1	1.1
EV/Sales	1.6	1.5	1.4
EV/EBITDA	5.7	5.3	5.2
EV/EBIT (adj.)	11.0	9.9	9.4
Payout ratio (%)	61.5 %	56.9 %	56.9 %
Dividend yield-%	4.9 %	5.1 %	5.3 %

Source: Inderes

Timing-related factors hampered development in Q2

Timing factors in the development of the Learning business

Learning's Q2 revenue growth of 3% exceeded our estimate, which had anticipated growth of just over 1%. This was driven by increased demand for learning materials in the Netherlands, which offset the soft performance in Spain and Italy, which clearly fell short of expectations. In these countries, the explanation was timing factors, and according to Sanoma, 15 MEUR of sales shifted from the end of Q2 to the beginning of Q3, and this revenue has already been recognized. It should be noted that the development in Poland continued to be brisk, reflecting the recent strong sales development of digital platforms.

Media Finland's revenue development, on the other hand, fell short of our expectations. This was due to all revenue lines, as advertising sales growth lagged the market, classifieds revenue developed steadily, and especially Other revenue declined. In our view, the development of advertising partly reflects the company's print media weight and possibly also the impact of the World Cup, which has increased advertising sales for other players. We do not believe the company's competitiveness in advertising has weakened, but this development requires monitoring in the coming quarters.

Adjusted EBIT was below our estimate

Sanoma's adjusted EBIT in Q2 was 63 MEUR, which just barely exceeded the comparison period's level but fell short of our estimate. At the segment level, Learning's result was below our estimates, reflecting lower profitability. The cost level was raised by increased sales and marketing investments preceding the season. This and the revenue shift are behind the earnings forecast undershoot, and in our estimation, without the revenue shift, Learning would have slightly exceeded our estimates, which increases our confidence that operational efficiency is increasing as expected. Contrary to our expectations, Media Finland improved its profitability, but due to softness in the top line, its earnings were in line with our estimate.

The profitability improvement is driven by certain revenue-driven cost changes and, to some extent, continuous efficiency measures.

Seasonality in cash flow and balance sheet as expected

In line with the seasonality of cash flow, H1 free cash flow was around -73 MEUR, deteriorating from -68 MEUR in the comparison period, reflecting investments. The company continues to guide for a slightly improved free cash flow compared to last year, which we believe it will achieve in the latter part of the year with normal seasonality.

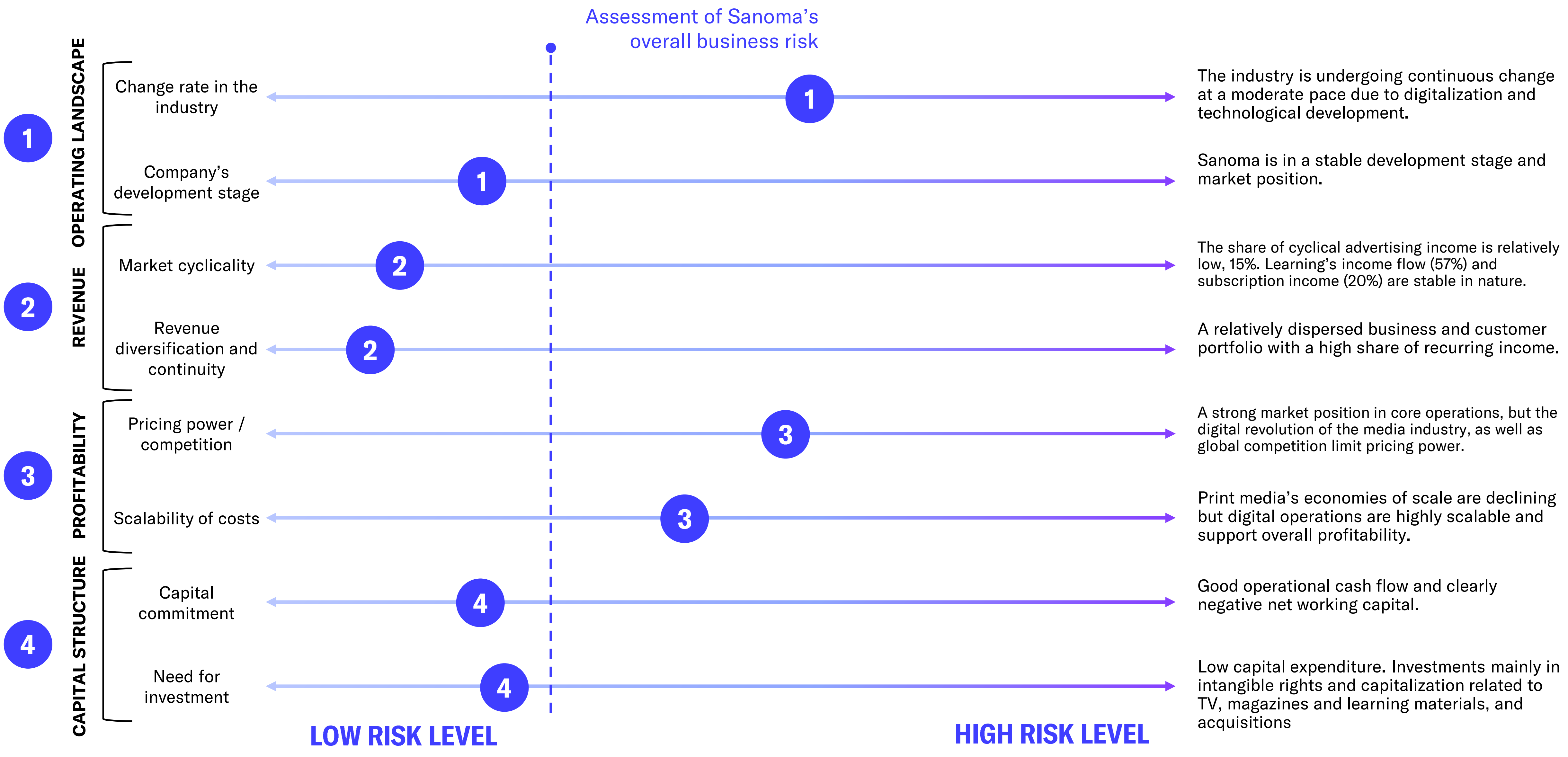
Sanoma's net debt was 776 MEUR at the end of H1, as acquisitions, cash flow development, and seasonality have increased the debt level. Net debt was 3x LTM EBITDA, but we expect it to decrease to the target level (< 2.5x) as earnings grow and cash flow materializes by the turn of the year. Thus, the company's overall financial position is stable.

Estimates	Q2'25	Q2'26	Q2'26e	Q2'26e	Consensus	Difference (%)	2026e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low High	Act. vs. inderes	Inderes
Revenue	340	335	340	341	330 - 355	-1%	1318
Adj. EBIT	62	63	66	66	64 - 67	-5%	218
EBIT	49	48	55	54	48 - 56	-13%	169
EPS (adj.)	0.21	0.23	0.26	0.25	0.23 - 0.26	-11%	0.82
Revenue growth-%	-0.8 %	-1.5 %	0.0 %	0.2 %	-2.9 % - 4.5 %	-1.5 pp	1.2 %
EBIT-% (adj.)	18.3 %	18.7 %	19.3 %	19.4 %	19.4 % - 18.9 %	-0.6 pp	16.5 %

Source: Inderes & Modular Finance (consensus, 7 estimates)

Sanoma Q2'26: Learning's peak season crucial for the rest of the year

Risk profile of the business



We made small estimate revisions after the Q2 report

Guidance reiterated

Sanoma reiterated its guidance for 2026, expecting Group revenue of 1.29-1.34 BEUR (2025: 1.30 BEUR) and adjusted EBIT to be 205-225 MEUR (2025: 188 MEUR). The company's earnings guidance is based on the assumptions that the demand for learning content will increase, driven by curriculum renewals in some of the group's operating markets, and that the advertising market in Finland will be relatively stable.

In our view, the growth in demand for learning materials is clear, and this is already indicated by the Q2 figures, considering the deferred sales and their realization at the beginning of Q3. However, based on the advertising market development in the early part of the year, advertising investments should, in our view, clearly pick up in H2 for the assumption of "stable" to materialize, as this, in our estimation, refers to roughly a +/- 2% level. We feel the key question mark regarding the earnings guidance is the advertising market, but based on management's comments, the upper end of the guidance range is currently a more realistic level.

We fine-tuned our estimates

We made no significant changes to our estimates after the Q2 report. In Learning, we raised our revenue estimates, reflecting the Q2 outcome and deferred revenue. We made small positive changes to several of our country-specific estimates, which raised our growth estimate for the current year to 4% (previously 3%). The small Fluentbe acquisition (2025 revenue 6 MEUR) also raised our estimates. In Media Finland, on the other hand, we decreased our estimates for almost all revenue items and expect advertising revenue to decline throughout the year, while we estimate subscription revenue to develop steadily. Thus, we estimate Media Finland's revenue to decrease by 3% in 2026 (previously 0%).

In Learning, we made minor revisions to our margin estimates, which kept its earnings estimates unchanged. In Media Finland, too, the decrease in revenue estimates was offset by an increased profitability estimate. After minor estimate changes, our full-year adjusted EBIT estimate settled at 220 MEUR (previously 218 MEUR). Reported figures decreased slightly more as we raised our estimates for one-off items a smidgen.

Longer-term estimates unchannged

Our medium-term estimates also remain largely unchanged. We expect both of Sanoma's businesses to grow in 2027, driven by demand for learning materials and advertising growth, which we also expect to translate into earnings due to sustained good profitability. Our average adjusted EBIT growth estimate for 2026-2028 has also remained unchanged at 7%, which is in line with the company's targeted high single-digit earnings growth.

Estimate revisions MEUR / EUR	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %	2028e Old	2028e New	Change %
Revenue	1321	1318	0%	1364	1369	0%	1376	1381	0%
EBIT (exc. NRIs)	188	188	0%	201	203	1%	207	207	0%
EBIT	175	169	-3%	192	191	-1%	197	196	-1%
PTP	152	143	-5%	169	168	-1%	176	175	-1%
EPS (excl. NRIs)	0.83	0.82	-2%	0.87	0.88	1%	0.91	0.91	0%
DPS	0.44	0.44	0%	0.46	0.46	0%	0.48	0.48	0%

Source: Inderes

Sanoma Oyj, Webcast, Q2'26

Investment profile

1. Learning business revenue and earnings growth outlook for the current decade

2. The structural change in media slows down organic growth and requires continuous efficiency improvements

3. Moderate operational risk level: strong market position, highly dispersed income, modest share of cyclical income

4. Gearing has decreased to a very reasonable level, enabling inorganic growth

5. The growth of the relative share of digital income strengthens the profitability potential

Potential

- Growth in the Learning business and digital revenue and services in Media Finland
- Efficiency programs in both segments and their earnings growth potential
- The growth of the Learning business raises the acceptable valuation level of the share
- The strengthening defensiveness of earnings as the business increasingly shifts its focus towards Learning

Risks

- Failed acquisitions and integration of them
- Acceleration of the structural change in media and drop in print media
- Weakening competitive position especially against global competitors
- Risk related to technology and regulations

We consider the valuation attractive

Earnings growth provides upside to valuation

Based on the LTM result, the adjusted P/E and EV/EBIT multiples for the stock are 14x and nearly 11x. These valuation multiples are below the median levels of the past five years (2021-2025 adj. P/E 17x and EV/EBITA ~ 12x). The median valuation multiples of the previous five years are inflated due to the low-interest-rate period (2021-2022). We do not consider the historical valuation level justified at the moment when required returns are higher than during the zero-interest rate period, due to higher interest rates. On the other hand, the relative weight of Learning, which warrants higher valuation multiples, has increased for the group, which in turn supports a justified valuation level. Against this backdrop, we consider the stock's current valuation multiples to be relatively neutral.

Given the earnings growth we estimate, the adjusted P/E ratios for 2026–2027 are 10x and 10 x, and the corresponding EV/EBITA multiples are 9x. Thus, a good expected return from the current level does not necessitate multiples reaching historical levels because earnings growth and strengthening cash flow are drivers of the expected return. Therefore, through absolute valuation multiples, we believe the earnings-based valuation for the coming years is attractive, and we estimate that the expected return will clearly reach double-digit levels, driven by the rapid earnings growth we anticipate. The expected return is further supported by our estimated dividend yield, which averages 5% in the coming years with our updated estimates. Thus, the stock's annual expected return is roughly 20%, which is a very attractive level considering Sanoma's lower-than-average risk profile compared to other listed companies.

Cash flow-based valuation is moderate

The cash flow impacts of the Solar program have partly come through before their impact on the income statement, which has been reflected in Sanoma's improved free cash flow. At the current share price, Sanoma's market cap is nearly 1.5 BEUR, in relation to which the LTM free cash flow implies a free cash flow yield of good 8%. Sanoma guides that its free cash flow for the current year will increase slightly, which is in line with our expectations for earnings growth. Thus, we estimate this year's free cash flow yield to be around 9%, which is a very attractive level considering Sanoma's risk profile. Thus, we believe there is a clear upside in the cash flow-based valuation.

DCF calculation above current share price

Our DCF model indicates a share value of EUR 12.1. Due to the moderate and stable growth of Learning (excl. possible acquisitions), and the decline in print media, revenue reaches a slight growth of around 2% in our cash flow model estimates in the medium and long term. Correspondingly, our medium-term EBIT margin forecast is 14% on average, and our terminal EBIT margin forecast is 13.5%. In recent history, the company has also achieved higher operating profitability than these levels (2025 adjusted EBIT 14.4%), and our short and medium-term estimates are also higher than this. Thus, we do not find these long-term profitability expectations demanding. Therefore, our cash flow model supports our view of the stock's very moderate valuation and clear upside potential.

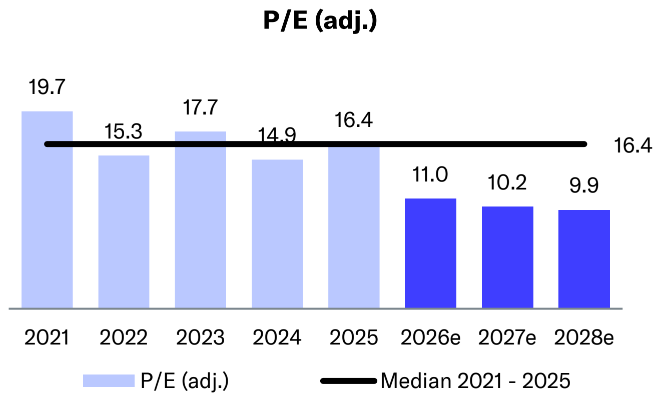
Valuation	2026e	2027e	2028e
Share price	8.98	8.98	8.98
Number of shares, millions	164	164	164
Market cap	1469	1469	1469
EV	2077	2013	1952
P/E (adj.)	11.0	10.2	9.9
P/E	12.8	11.1	10.6
P/B	2.3	2.1	2.0
P/S	1.1	1.1	1.1
EV/Sales	1.6	1.5	1.4
EV/EBITDA	5.7	5.3	5.2
EV/EBIT (adj.)	11.0	9.9	9.4
Payout ratio (%)	61.5 %	56.9 %	56.9 %
Dividend yield-%	4.9 %	5.1 %	5.3 %

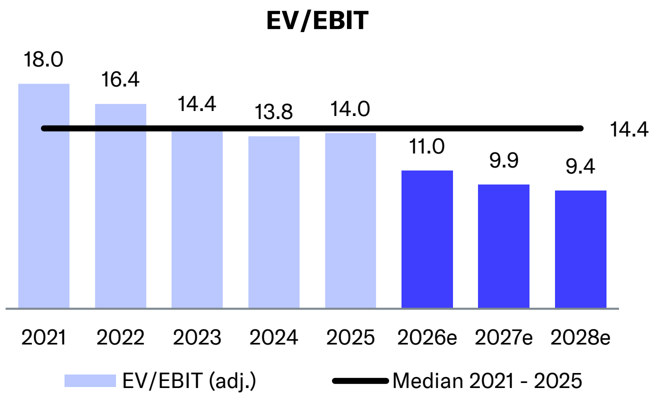
Source: Inderes

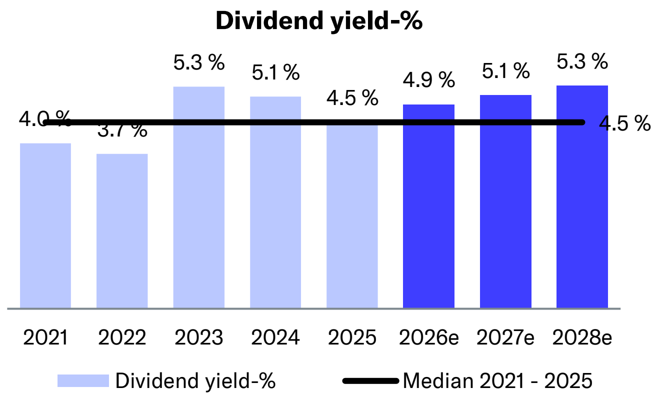
Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	13.6	9.96	6.95	7.67	9.40	**8.98**	**8.98**	**8.98**	**8.98**
Number of shares, millions	163	163	163	164	164	**164**	**164**	**164**	**164**
Market cap	2219	1625	1135	1254	1537	**1469**	**1469**	**1469**	**1469**
EV	2842	2453	1928	1974	2174	**2077**	**2013**	**1952**	**1888**
P/E (adj.)	19.7	15.3	17.7	14.9	16.4	**11.0**	**10.2**	**9.9**	**9.5**
P/E	22.1	21.3	neg.	40.6	>100	**12.8**	**11.1**	**10.6**	**10.1**
P/B	3.1	2.3	1.8	2.0	2.6	**2.3**	**2.1**	**2.0**	**1.8**
P/S	1.8	1.3	0.8	0.9	1.2	**1.1**	**1.1**	**1.1**	**1.0**
EV/Sales	2.3	1.9	1.4	1.5	1.7	**1.6**	**1.5**	**1.4**	**1.3**
EV/EBITDA	8.1	7.5	6.7	6.0	6.5	**5.7**	**5.3**	**5.2**	**4.9**
EV/EBIT (adj.)	18.0	16.4	14.4	13.8	14.0	**11.0**	**9.9**	**9.4**	**8.9**
Payout ratio (%)	87.6 %	79.2 %	1948.7 %	157.6 %	345.5 %	**61.5 %**	**56.9 %**	**56.9 %**	**56.0 %**
Dividend yield-%	4.0 %	3.7 %	5.3 %	5.1 %	4.5 %	**4.9 %**	**5.1 %**	**5.3 %**	**5.5 %**

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 2026e	 2027e	EV/EBITDA 2026e	 2027e	EV/S 2026e	 2027e	P/E 2026e	 2027e	Dividend yield-% 2026e	 2027e	P/B 2026e
Alma Media	1145	1244	13.7	12.4	11.6	10.8	3.7	3.5	17.1	15.2	3.6	3.8	4.1
Future PLC	335	740	4.2	4.2	3.5	3.6	0.9	0.9	3.2	3.1	5.4	5.6	0.5
USA Today Co	1112	1885	16.6	16.4	7.5	7.1	1.0	1.0	34.3	28.2			
ITV PLC	3350	4043	7.3	7.6	6.0	5.9	1.0	1.0	8.9	8.8	6.6	6.7	1.5
Lagardere SA	2584	7205	11.1	10.5	6.1	5.8	0.8	0.7	9.1	8.1	3.8	3.8	2.4
Arnoldo Mondadori Editore	545	802	8.7	8.5	4.9	4.8	0.8	0.8	8.7	8.6	8.2	8.8	1.0
News Corp	14131	13970	14.4	12.3	10.1	9.0	1.8	1.7	26.0	22.9	0.9	1.0	1.8
New York Times	10636	10114	20.5	18.0	17.6	15.6	3.7	3.5	26.0	23.7	1.2	1.4	5.5
Promotora de Informaciones SA	390	1108	9.0	9.1	5.6	5.6	1.1	1.1	36.1	48.2			
Prosiebensat 1 Media	858	2481	11.7	10.8	6.0	5.6	0.7	0.7	6.7	5.7	1.3	1.3	0.7
Roularta Media Group	174	135	19.3	16.9	4.8	4.8	0.4	0.4	27.8	24.0	10.0	12.0	0.9
Bloomsbury Publishing PLC	600	584	10.9	9.9	9.5	8.5	1.5	1.4	15.1	13.6	2.6	2.7	2.5
Pearson PLC	9193	10548	14.0	13.1	10.5	9.9	2.4	2.3	18.6	16.7	2.0	2.2	2.2
John Wiley & Sons Inc	2402	2936	12.2	10.7	7.6	7.0	2.0	1.9	12.9	11.3	2.7	2.8	
Wilmington PLC	295	376	11.0	9.1	10.1	8.1	2.5	2.1	11.4	9.6	4.3	4.8	2.2
Chegg Inc	106	78			2.8	2.6	0.4	0.6					0.6
Sanoma (Inderes)	**1469**	**2077**	**11.0**	**9.9**	**5.7**	**5.3**	**1.6**	**1.5**	**11.0**	**10.2**	**4.9**	**5.1**	**2.3**
Average			**12.3**	**11.3**	**7.8**	**7.2**	**1.5**	**1.5**	**17.5**	**16.5**	**4.0**	**4.4**	**2.0**
Median			**11.7**	**10.7**	**6.8**	**6.5**	**1.0**	**1.0**	**15.1**	**13.6**	**3.6**	**3.8**	**1.8**
Diff-% to median			**-6%**	**-7%**	**-16%**	**-17%**	**51%**	**41%**	**-27%**	**-25%**	**36%**	**35%**	**33%**
Media peers													
Average			**11.4**	**10.6**	**7.0**	**6.6**	**1.3**	**1.3**	**17.0**	**16.4**			**1.8**
Median			**11.7**	**10.8**	**6.0**	**5.8**	**1.0**	**1.0**	**17.1**	**15.2**			**1.5**
Learning peers													
Average			**12.0**	**10.7**	**8.1**	**7.2**	**1.8**	**1.7**	**14.5**	**12.8**			**1.9**
Median			**11.6**	**10.3**	**9.5**	**8.1**	**2.0**	**1.9**	**14.0**	**12.4**			**2.2**

Source: Refinitiv / Inderes

Income statement

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	**1345**	**221**	**340**	**516**	**226**	**1303**	**221**	**335**	**535**	**228**	**1318**	**1369**	**1381**	**1410**
Media Finland	581	132	148	139	138	557	129	138	136	137	539	549	559	565
Learning	764	89	192	377	88	746	92	197	399	91	779	820	821	846
EBITDA	**329**	**23**	**103**	**203**	**7**	**335**	**21**	**97**	**234**	**12**	**364**	**378**	**379**	**386**
Depreciation	-248	-54	-54	-121	-58	-286	-50	-49	-48	-48	-195	-187	-183	-184
Adj. EBIT	**180**	**-19**	**62**	**172**	**-27**	**188**	**-16**	**63**	**199**	**-25**	**220**	**229**	**230**	**235**
EBIT (excl. NRI)	**143**	**-28**	**53**	**164**	**-35**	**155**	**-24**	**54**	**190**	**-33**	**188**	**203**	**207**	**211**
EBIT	**82**	**-31**	**49**	**82**	**-51**	**49**	**-29**	**48**	**185**	**-36**	**169**	**191**	**196**	**201**
Media Finland	41	7	11	19	8	44	9	12	19	9	49	50	52	51
Learning	117	-32	45	148	-38	124	-30	45	175	-38	153	172	177	180
NRIs	-62	-4	-4	-83	-16	-106	-5	-6	-5	-3	-20	-12	-11	-10
Other and eliminations	-14	-3	-3	-2	-5	-13	-3	-3	-4	-4	-13	-20	-22	-20
Net financial items	-33	-6	-6	-6	-6	-24	-5	-6	-7	-7	-25	-23	-20	-17
PTP	**48**	**-38**	**43**	**76**	**-56**	**24**	**-34**	**42**	**178**	**-43**	**143**	**168**	**175**	**185**
Taxes	-8	9	-10	-18	14	-4	10	-9	-36	9	-27	-36	-38	-40
Minority interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net earnings	**40.5**	**-28**	**33**	**57**	**-42**	**20**	**-24**	**33**	**143**	**-35**	**117**	**132**	**138**	**145**
EPS (adj.)	**0.52**	**-0.17**	**0.21**	**0.73**	**-0.20**	**0.57**	**-0.13**	**0.23**	**0.90**	**-0.19**	**0.82**	**0.88**	**0.91**	**0.95**
EPS (rep.)	**0.19**	**-0.19**	**0.19**	**0.34**	**-0.27**	**0.06**	**-0.16**	**0.20**	**0.87**	**-0.21**	**0.70**	**0.81**	**0.84**	**0.89**

Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	-3.5 %	0.1 %	-0.8 %	-4.5 %	-6.5 %	-3.1 %	0.0 %	-1.4 %	3.7 %	0.8 %	1.2 %	3.9 %	0.8 %	2.2 %
EBITDA-%	24.5 %	10.2 %	30.2 %	39.3 %	3.0 %	25.7 %	9.6 %	28.9 %	43.7 %	5.3 %	27.6 %	27.6 %	27.4 %	27.3 %
Adjusted EBIT-%	13.4 %	-8.5 %	18.3 %	33.4 %	-12.1 %	14.4 %	-7.3 %	18.7 %	37.1 %	-11.0 %	16.7 %	16.7 %	16.6 %	16.6 %
Net earnings-%	3.0 %	-12.9 %	9.7 %	11.1 %	-18.7 %	1.5 %	-10.8 %	9.8 %	26.7 %	-15.2 %	8.9 %	9.7 %	10.0 %	10.3 %

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	**1512**	**1356**	**1406**	**1429**	**1455**
Goodwill	810	810	840	840	840
Intangible assets	496	383	386	392	397
Tangible assets	161	108	125	142	163
Associated companies	4	4	4	4	4
Other investments	6	5	5	5	5
Other non-current assets	33	43	43	43	43
Deferred tax assets	4	4	4	4	4
Current assets	**217**	**198**	**204**	**212**	**213**
Inventories	45	38	40	41	41
Other current assets	9	13	13	13	13
Receivables	142	127	132	137	138
Cash and equivalents	21	20	20	21	21
Balance sheet total	**1879**	**1729**	**1753**	**1758**	**1762**

Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	**772**	**731**	**628**	**688**	**750**
Share capital	71	71	71	71	71
Retained earnings	114	0	46	107	169
Hybrid bonds	149	149	0	0	0
Revaluation reserve	0	0	0	0	0
Other equity	436	510	510	510	510
Minorities	1	1	1	0	0
Non-current liabilities	**583**	**532**	**625**	**600**	**546**
Deferred tax liabilities	100	77	77	77	77
Provisions	5	7	7	7	7
Interest bearing debt	472	438	531	506	452
Convertibles	0	0	0	0	0
Other long term liabilities	7	10	10	10	10
Current liabilities	**524**	**466**	**500**	**470**	**465**
Interest bearing debt	118	68	96	58	52
Payables	239	179	185	192	193
Other current liabilities	167	220	220	220	220
Balance sheet total	**1879**	**1729**	**1753**	**1758**	**1762**

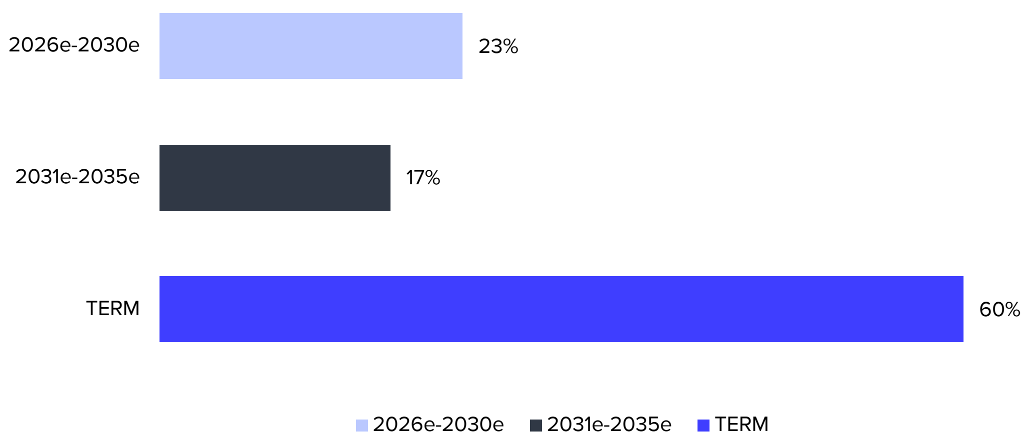
DCF-calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	-3.1 %	1.2 %	3.9 %	0.8 %	2.2 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	3.7 %	12.8 %	13.9 %	14.2 %	14.3 %	14.0 %	14.3 %	14.0 %	13.5 %	13.5 %	13.5 %	13.5 %
EBIT (operating profit)	**48.6**	**169**	**191**	**196**	**201**	**201**	**210**	**210**	**206**	**210**	**214**	
+ Depreciation	286	195	187	183	184	173	179	183	186	189	191	
- Paid taxes	-27	-27	-36	-38	-40	-40	-42	-43	-42	-44	-45	
- Tax, financial expenses	-1.6	-4.7	-4.9	-4.4	-3.6	-3.2	-2.7	-2.3	-1.8	-1.4	-1.1	
+ 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	9	0	1	0	0	0	0	0	0	0	0	
Operating cash flow	**314**	**333**	**337**	**337**	**343**	**332**	**344**	**347**	**348**	**354**	**360**	
+ Change in other long-term liabilities	6.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-155	-213	-184	-186	-187	-189	-191	-193	-195	-197	-194	
Free operating cash flow	**166**	**120**	**153**	**151**	**155**	**143**	**152**	**154**	**153**	**157**	**166**	
+/- Other	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	166	120	153	151	155	143	152	154	153	157	166	3153
Discounted FCFF		**116**	**139**	**127**	**122**	**104**	**104**	**97.7**	**90.2**	**86.3**	**85**	**1612**
Sum of FCFF present value		2682	2566	2428	2301	2179	2075	1971	1874	1783	1697	1612
Enterprise value DCF		**2682**										
- Interest bearing debt		-655										
+ Cash and cash equivalents		19.7										
+ Associated companies		0.0										
-Minorities		-2										
-Dividend/capital return		-69										
Equity value DCF		**1977**										
Equity value DCF per share		**12.1**										

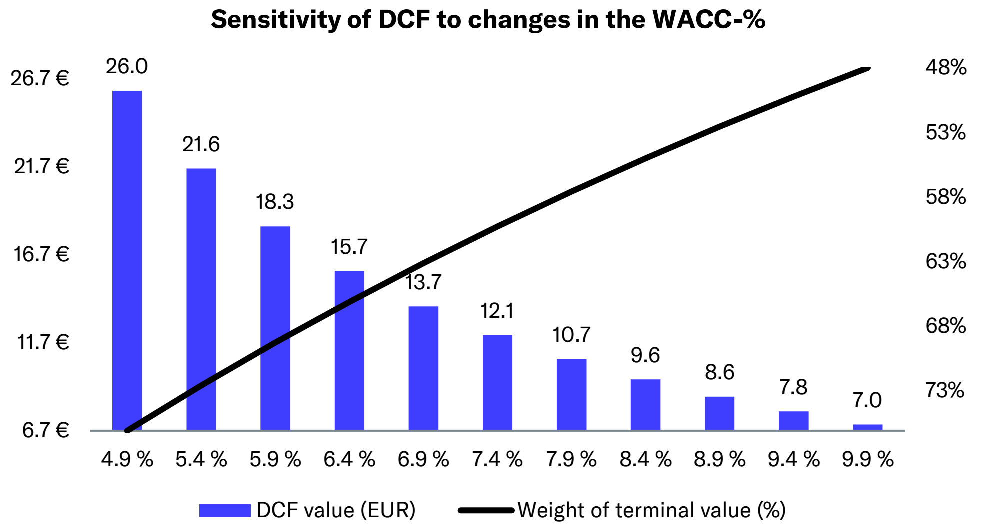
WACC	
Tax-% (WACC)	21.5 %
Target debt ratio (D/(D+E)	20.0 %
Cost of debt	4.0 %
Equity Beta	1.25
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	**8.4 %**
Weighted average cost of capital (WACC)	**7.4 %**

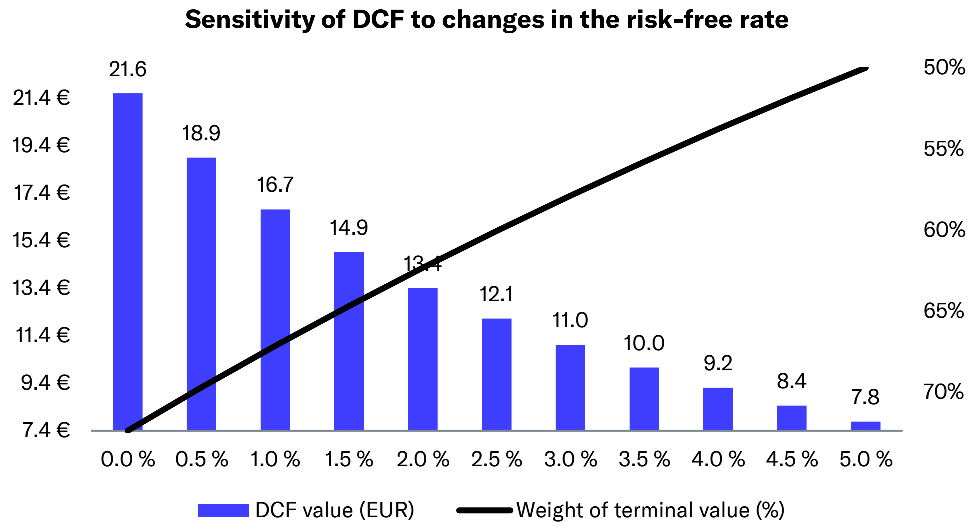
Source: Inderes

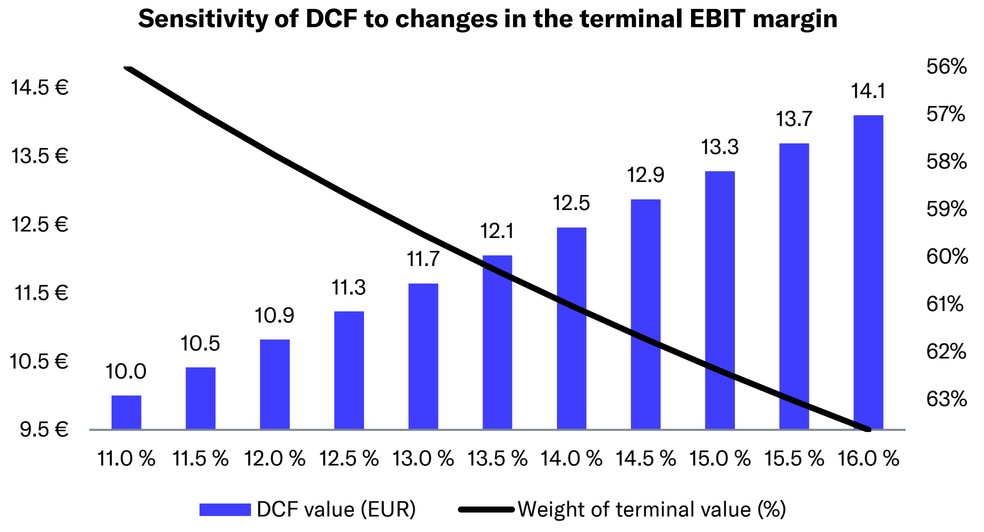
Cash flow distribution

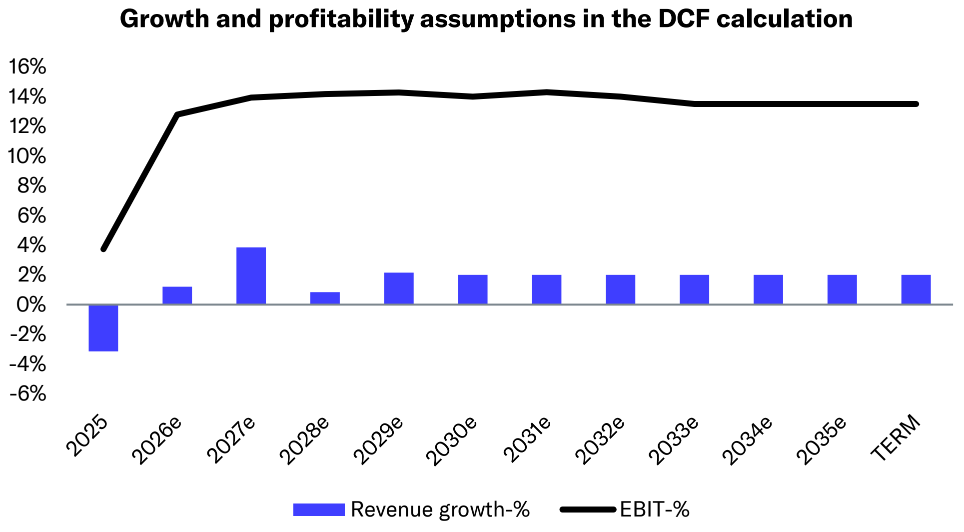


DCF sensitivity calculations and key assumptions in graphs









Source: Inderes. NB! The terminal value weight (%) is presented on a reverse scale for clarity.

Summary

Income statement	2023	2024	2025	2026e	2027e
Revenue	1393	1345	1303	**1318**	**1369**
EBITDA	287	329	335	**364**	**378**
EBIT	52	82	49	**169**	**191**
PTP	20	48	24	**143**	**168**
Net Income	3.1	40.5	19.9	**117.1**	**132.2**
Extraordinary items	-82.3	-61.5	-106.3	**-19.5**	**-12.0**

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	2055	1879	1729	**1753**	**1758**
Equity capital	799	772	731	**628**	**688**
Goodwill	812	810	810	**840**	**840**
Net debt	640	568	486	**607**	**543**

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	287	329	335	**364**	**378**
Change in working capital	55	11.3	8.6	**0.0**	**0.5**
Operating cash flow	318	315	314	**333**	**337**
CAPEX	-221	-130	-155	**-213**	**-184**
Free cash flow	96	188	166	**120**	**153**

Valuation multiples	2023	2024	2025	2026e	2027e
EV/S	1.4	1.5	1.7	**1.6**	**1.5**
EV/EBITDA	6.7	6.0	6.5	**5.7**	**5.3**
EV/EBIT (adj.)	14.4	13.8	14.0	**11.0**	**9.9**
P/E (adj.)	17.7	14.9	16.4	**11.0**	**10.2**
P/B	1.8	2.0	2.6	**2.3**	**2.1**
Dividend-%	5.3 %	5.1 %	4.5 %	**4.9 %**	**5.1 %**

Source: Inderes

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	-0.03	0.19	0.06	**0.70**	**0.81**
EPS (adj.)	0.39	0.52	0.57	**0.82**	**0.88**
OCF / share	1.95	1.93	1.92	**2.03**	**2.06**
OFCF / share	0.59	1.15	1.01	**0.73**	**0.94**
Book value / share	4.88	4.71	4.46	**3.84**	**4.20**
Dividend / share	0.37	0.39	0.42	**0.44**	**0.46**

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	7%	-3%	-3%	**1%**	**4%**
EBITDA growth-%	-13%	15%	2%	**9%**	**4%**
EBIT (adj.) growth-%	-11%	7%	8%	**21%**	**8%**
EPS (adj.) growth-%	-40%	31%	11%	**43%**	**8%**
EBITDA-%	20.6 %	24.5 %	25.7 %	**27.6 %**	**27.6 %**
EBIT (adj.)-%	9.6 %	10.7 %	11.9 %	**14.3 %**	**14.8 %**
EBIT-%	3.7 %	6.1 %	3.7 %	**12.8 %**	**13.9 %**
ROE-%	0.4 %	5.2 %	2.6 %	**17.3 %**	**20.1 %**
ROI-%	3.3 %	5.7 %	3.7 %	**13.5 %**	**15.2 %**
Equity ratio	42.0 %	45.0 %	46.0 %	**38.9 %**	**42.5 %**
Gearing	80.0 %	73.7 %	66.5 %	**96.7 %**	**79.0 %**
Net debt/EBITDA	2.2	1.7	1.5	**1.7**	**1.4**
EBITDA/net financials	9.4	9.8	13.7	**14.4**	**16.7**

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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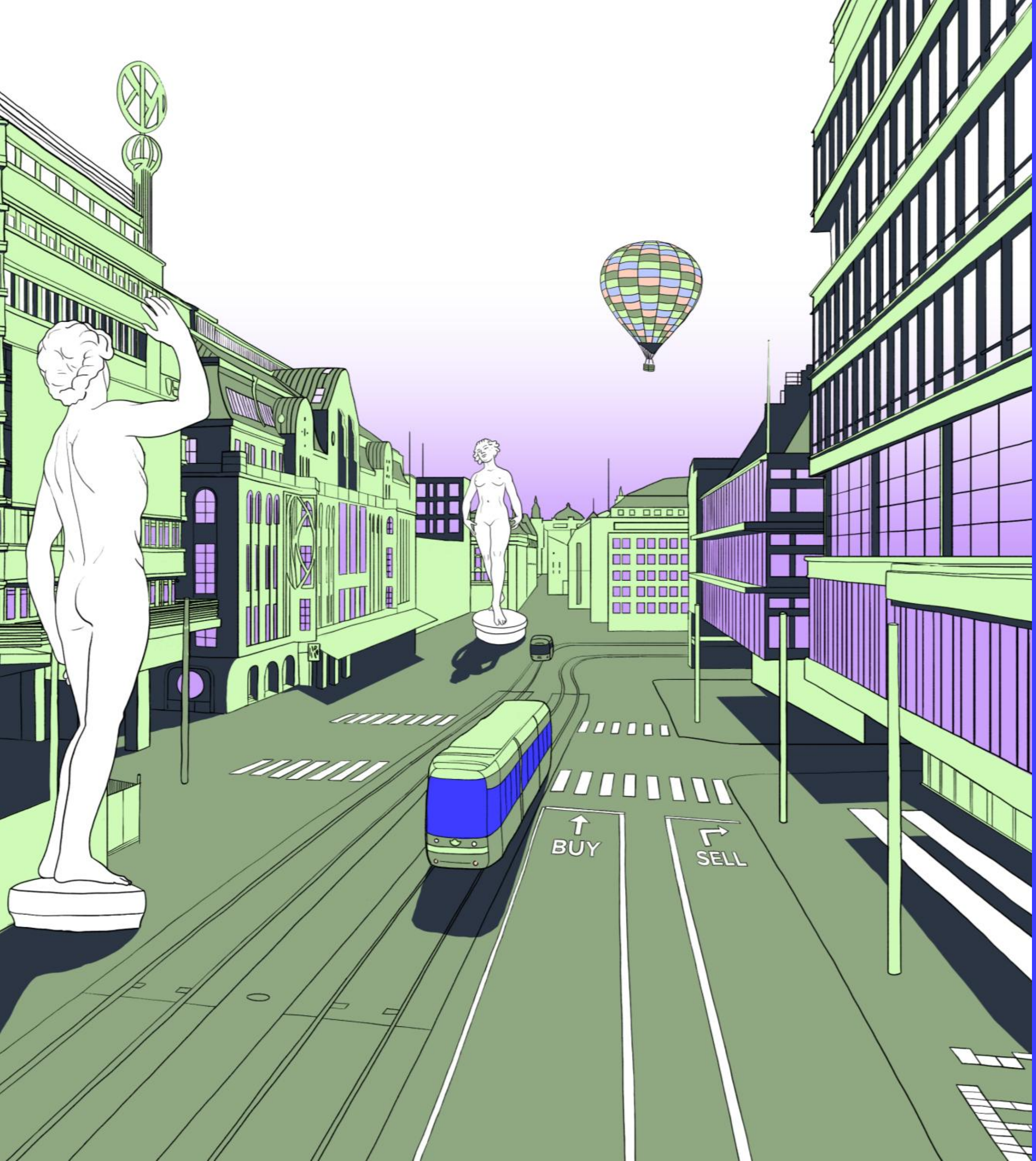
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
7/27/2020	Accumulate	10.00 €	9.30 €
10/20/2020	Reduce	12.50 €	12.84 €
10/30/2020	Reduce	12.50 €	12.48 €
12/9/2020	Reduce	13.00 €	13.38 €
2/11/2021	Reduce	15.00 €	15.95 €
4/12/2021	Reduce	15.00 €	14.56 €
5/3/2021	Accumulate	15.00 €	14.44 €
7/29/2021	Reduce	15.50 €	16.16 €
10/28/2021	Accumulate	15.50 €	14.34 €
2/14/2022	Accumulate	14.00 €	12.58 €
4/13/2022	Accumulate	14.00 €	12.26 €
5/2/2022	Accumulate	14.00 €	12.04 €
6/8/2022	Accumulate	14.00 €	13.18 €
7/26/2022	Reduce	14.00 €	14.76 €
7/28/2022	Reduce	14.00 €	13.80 €
10/28/2022	Reduce	11.50 €	12.16 €
1/10/2023	Reduce	10.00 €	9.96 €
2/13/2023	Reduce	9.50 €	9.48 €
5/2/2023	Accumulate	8.50 €	7.88 €
5/5/2023	Accumulate	8.00 €	7.29 €
7/24/2023	Accumulate	7.50 €	6.72 €
7/27/2023	Accumulate	7.50 €	7.21 €
10/27/2023	Reduce	7.50 €	7.45 €
1/22/2024	Reduce	7.00 €	6.76 €
2/7/2024	Accumulate	7.00 €	6.35 €
5/2/2024	Accumulate	7.00 €	6.73 €
5/8/2024	Accumulate	7.00 €	6.66 €
7/25/2024	Accumulate	7.00 €	6.74 €
11/1/2024	Accumulate	8.00 €	7.23 €
2/7/2025	Reduce	8.00 €	8.41 €
2/12/2025	Accumulate	9.00 €	8.41 €
4/1/2025	Accumulate	10.00 €	8.94 €
4/30/2025	Accumulate	10.50 €	9.55 €
7/31/2025	Accumulate	10.90 €	9.90 €
10/31/2025	Accumulate	11.30 €	10.70 €
12/12/2025	Buy	11.30 €	9.14 €
2/12/2026	Buy	11.50 €	9.01 €
4/13/2026	Buy	11.50 €	9.08 €
5/8/2026	Buy	11.50 €	8.95 €
7/30/2026	Buy	11.50 €	8.98 €



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