

# Sievi Capital

## Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Hyvää suorittamista epävarmassa ympäristössä” published on 5/4/2023 at 6:44 pm

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# Good performance in an uncertain environment

In the big picture, Sievi Capital's year began with positive signs and as a whole, holdings progressed slightly better than we expected in an uncertain environment. We made minor estimate changes and our sum of the parts calculation remained close to our previous estimate. We still see clear value in the share relative to the low current share price and expect the value to gradually be released as the new strategy progresses. We reiterate our EUR 1.20 target price and raise our recommendation to Buy (previous Accumulate) as the share price has decreased.

## Indoor's quarter again clearly better considering the difficult operating environment

Indoor's Q1 net sales fell as expected by 4% to EUR 44 million but EBITDA (IFRS) improved to EUR 4.4 million (Q1'22: 3.2 MEUR) while our estimate was on par with the comparison period. The performance was a bit of a relief after the failed Christmas season in the previous quarter. However, there has not yet been a substantial change for the better in the market and we kept our estimates and our view on the value of the Indoor holding unchanged at EUR 29.0 million. Indoor's earnings level will be low in 2023, but with the ERP project that should be completed in Q4 bringing improved functionalities, ERP implementation costs disappearing, and the slowly recovering consumers' purchasing power, the company's cash flow returns to the normal good level seen before the pandemic in our 2024 estimate. Indoor's 2023e P/E ratio 16x is elevated in the earnings slump, but the 2024e P/E ratio is 8x.

## Strong quarter for KH-Koneet considering tough comparison figures and more uncertain market environment

KH-Koneet Group's net sales increased by 2% in Q1 to EUR 43 million and EBITDA improved to EUR 2.3 million (Q1'22: 1.7 MEUR), but earnings were supported by a non-recurring sales gain from real estate (0.4 MEUR) and adjusted for this the development was close to our expectations. KH-Koneet has progressed strongly in its Swedish conquest, and now Sweden's profitability is close to Finland's levels. We expect that the slowdown in the construction market will start to counterbalance the good performance, so 2023 earnings will be slightly below 2022 levels. The value of the KH holding of EUR 50.9 million remained almost unchanged and its 2023 P/E ratio remains at approximately 9x. In terms of value development of the target companies, the greatest potential is still directed at KH-Koneet, which, if strong growth continues, could increase its value clearly. However, as construction slows KH-Koneet's development also involves risks and before visibility improves applying a safety margin to its valuation multiples is justified. We raised the value of the Logistikas holding by EUR 2 million to EUR 10.4 million after it had a strong quarter and its outlook remained good. The values of the NRG (0.5 MEUR) and HTJ (12.5 MEUR) holdings remained almost unchanged.

## We still see hidden value in the parts

The sum of the parts we calculate for Sievi Capital is now EUR 70.9 million or EUR 1.22 per share relative to which we feel the share is undervalued. Compared to Sievi's net asset value (EUR 1.42) the balance sheet-based P/B pricing (0.7x) is also still very low compared to historical levels. The strategy update and change in the operating model (H1'23) are a clear short-term driver for the share which we expect to push the share price closer to our sum of the parts. Ultimately, Sievi intends to become an industrial group built around KH-Koneet Group and dispose of other target companies. We believe that the remaining KH-Koneet would as an independent listed company be priced with higher multiples than our current estimates, provided that it proves the sustainability of its earnings level in a weaker market as well. For Indoor, we find it very likely that Sievi eventually exits it by listing it on the stock exchange.

## Recommendation

### Buy

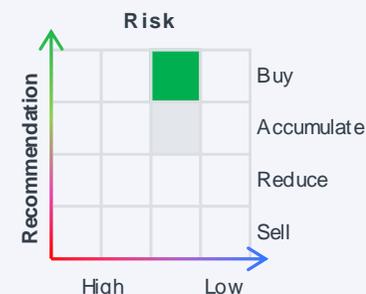
(previous Accumulate)

### 1.20 EUR

(previous EUR 1.20)

### Share price:

1.03



	2022	2023e	2024e	2025e
EBIT adj.	-10.1	5.7	12.0	13.2
Net Income	-8.2	4.4	8.7	9.5
EPS (adj.)	-0.14	0.08	0.15	0.16
P/E (adj.)	neg.	13.4	6.8	6.2
P/B	0.8	0.7	0.6	0.5
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	neg.	13.5	6.5	6.1

Source: Inderes

# Good performance on a broad front in uncertain environment

## Indoor's sales drop in line with expectations

Indoor's Q1 net sales fell as expected by 4% to EUR 44 million but EBITDA (IFRS) improved against our expectations to EUR 4.4 million (Q1'22: 3.2 MEUR). Profitability improvement was affected by, e.g., a reduction in freight costs, optimization of product pricing and lower fixed costs. There was EUR 0.6 million in IFRS cost recognition related to the ERP project during the review period. These are non-recurring but they depress earnings temporarily. If they are adjusted, Indoor's EBIT would have been EUR 0.0 million in the seasonally weakest quarter.

## The important KH-Koneet continued performing well

KH-Koneet Group's net sales increased by 2% in Q1 to EUR 43 million and EBITDA improved to EUR 2.3 million (Q1'22: 1.7 MEUR) from the strong comparison period while we expected the performance to be on

par with the comparison period. Earnings was partly supported by the sale of real estate whose share of EBITDA was EUR 0.4 million. Demand for rental activities remained strong during the review period and demand in machinery trade was mainly stable. In Q1, the profitability of Swedish operations rose close to the Finnish level. Net sales increased in both of the company's operating countries.

There was some caution in customer demand, especially in machinery trade. The demand for rental activities was strong. As a whole, according to the company, the demand situation of KH-Koneet Group was clearly better than expected in Q1, which eliminates at least short-term uncertainty.

## HTJ was slightly below expectations

Of the smaller holdings, HTJ's net sales increased by 29% to EUR 6.1 million, but EBITDA fell by EUR 0.2 million to EUR 0.4 million. The earnings undershoot

compared to our expectations was largely explained by the non-recurring payment related to the new collective agreement in the consulting industry amounting to EUR 0.2 million. The Infrac acquisition also increased seasonality as infrastructure construction is slower in winter.

## Logistikas' operating environment remained favorable

Customer demand for logistics outsourcing services was good and Logistikas managed to grow in both in existing and new customers. Net sales increased by 35% to EUR 9.4 million in Q1, and EBITDA improved clearly from the comparison period to EUR 0.8 million, cash flow was also strong as net liabilities were absorbed. For Nordic Rescue Group (NRG), net sales were better than we expected, but EBITDA was below expected, even if it was positive. However, NRG's net liabilities had decreased, as the company will get capital out from Vema's bankruptcy estate.

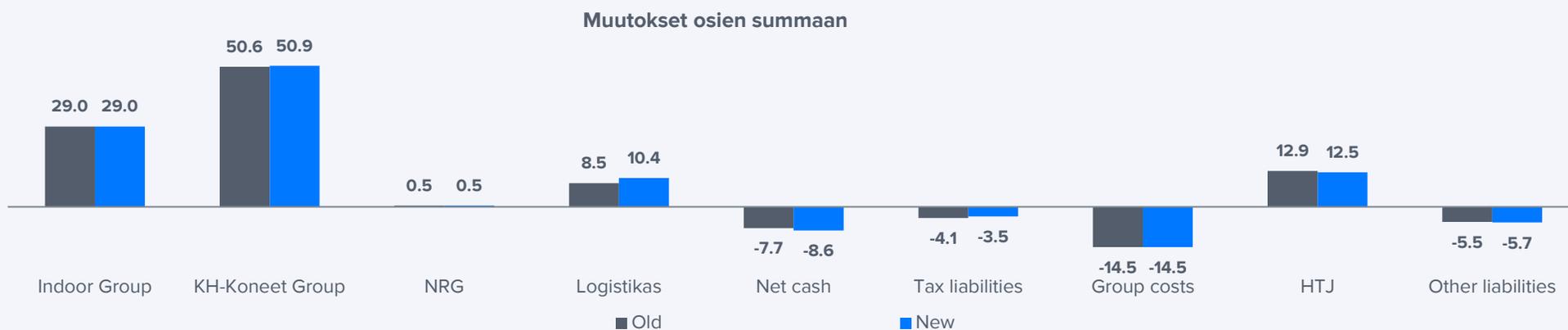
Liikevaihto MEUR	Q1'22 Vertailu	Q1'23 Toteutunut	Q1'23e Inderes	Kasvu Tot.	Erotus (%) Tot. vs. inderes
Indoor Group	46	44	44	-4 %	0 %
KH-Koneet Group	42	43	42	2 %	2 %
Logistikas	7,0	9,4	7,7	34 %	22 %
Nordic Rescue Group	11	10	9	-6 %	10 %
HTJ	4,8	6,1	5,8	27 %	6 %
Käyttökate MEUR	Q1'22 Vertailu	Q1'23 Toteutunut	Q1'23e Inderes	Kasvu Tot.	Erotus (%) Tot. vs. inderes
Indoor Group (IFRS)	3,2	4,4	3,2	38 %	39 %
KH-Koneet Group	1,7	2,3	1,7	35 %	38 %
Logistikas	0,3	0,8	0,5	167 %	60 %
Nordic Rescue Group	-0,5	0,1	0,5	-	-
HTJ	0,6	0,4	0,7	-33 %	-43 %

Lähde: Inderes

# Marginal changes in the sum of the parts calculation

## The changes we made

- We kept the value of the Indoor Group holding unchanged at EUR 29.0 million as the Q1 earnings overshoot is counterbalanced by us slightly revising our estimate for the earnings recovery expected during the rest of the year. Consumers' purchasing power has not yet started to recover and until this happens the earnings level does not have much room to recover.
- In terms of the big picture, our estimates for KH-Koneet also remained unchanged as its earnings overshoot in Q1 was largely based on a non-recurring sales gain from a real estate. However, the strong quarter increases our confidence in the company being able to defend its earnings level even in a declining market.
- HTJ was busy on the tendering front during the review period and the order backlog was at a good level at the end of March and higher than a year ago. Thus, the outlook remains good even though earnings fell short of our expectations in Q1. We did not make any significant changes to our estimates or valuation of HTJ.
- Logistikas' earnings exceeded our expectations most in relative terms and what was said about the company increased our confidence. We raised the company's estimates and valuation clearly. Its EBITDA was also clearly reflected in a reduction of net debt so it did not have to invest considerable capital in growth.
- The value of the NRG holding also remained unchanged, as a larger drop in net liabilities than expected compensated for the earnings being below our estimate.



NB: The 'other liabilities' row in the sum of the parts relates to the redemption option of KH-Koneet's and HTJ's minorities

# Price below the conservative sum of the parts

## Sum of the parts creates the basis for valuation

Company-specific estimates and the valuation multiples we use are presented in full on pages 6-10. Page 11 presents the valuation of the holdings' peer groups. The sum of the parts we calculate for Sievi Capital is now EUR 70.9 million or EUR 1.22 per share. Sievi's ROE fell to -9.5% for the past 12 months. The company's strong track record in previous years has started to show signs of cracking. Indoor's operating environment has naturally been difficult and in the longer-term ROE % is still excellent.

## Key future value drivers:

1) success in the development of KH-Koneet, 2) success in developing other target companies prior to exit so that sales prices can rise. We feel it was the right solution to focus on KH-Koneet, because we believe the greatest potential of the holdings lies here. As the strong growth of KH continues, it could increase its value clearly, both through earnings growth and an increasing acceptable valuation level. However, the cooling of the target market also brings short-term risks to earnings development.

Indoor's value for Sievi has in recent years come from its stable strong cash flow. Before the pandemic years (2013-2019), the Finnish furniture market was relatively stable and we believe that it will start stabilizing again from H2'23, when consumers' purchasing power starts to catch up to inflation. As the operating environment normalizes, the company will, according to our estimates, again grind out a strong dividend yield to its owners from 2024, since almost the entire net result can be paid out as dividends as working capital or investments only tie up limited amounts of capital.

Logistikas and HTJ also generate good cash flow with their capital light businesses. Their values already

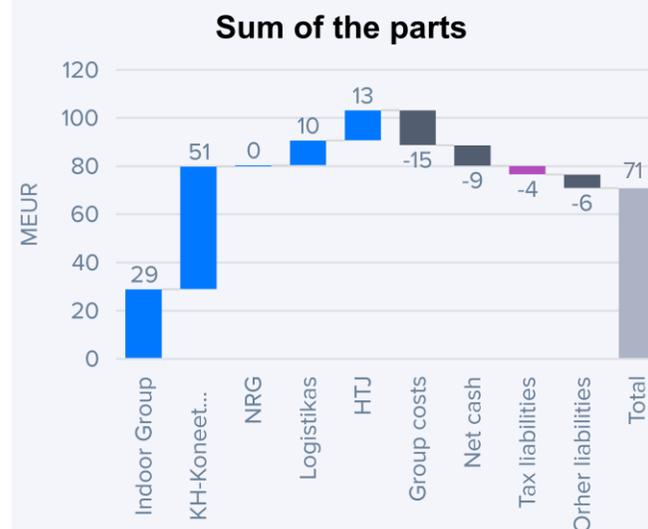
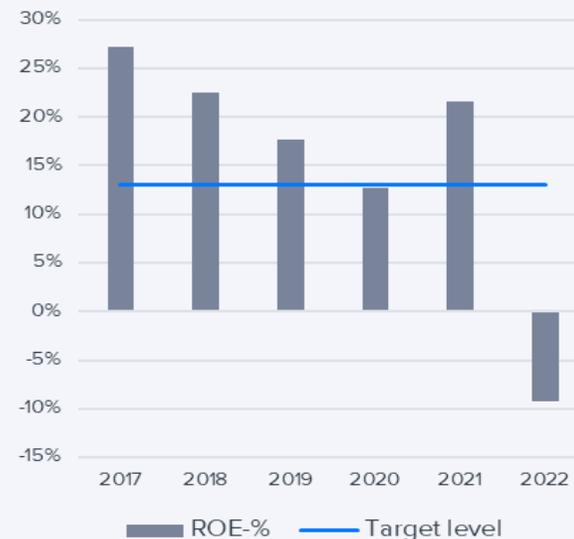
have good conditions for positive development with the current performance level as net debt decreases. The performance potential of NRG has clearly fallen after Vema Lift's bankruptcy. At the same time, the risks related to its turnaround have disappeared. The weight of NRG in our sum of the parts is very low.

## New strategy aims to release the value hidden in the parts

Sievi will first transform its operations from a private equity investment company into a conglomerate in H1'23. The root cause of the transformation into a conglomerate is that the earnings of Sievi's various unlisted holdings and Group expenses are combined in the same income statement, balance sheet and cash flow statement (cf. e.g. Aspo). This makes it easier for investors to make their own assessment of the corporate cluster's value compared to the current model, where changes in the fair value of holdings in the balance sheet determine Sievi's result. We believe the change in reporting alone will move the share toward the value indicated by our sum of the parts (now EUR 1.20).

Ultimately, Sievi intends to become an industrial group built around KH-Koneet Group and dispose of other target companies. On page 12, we have added our DCF calculation for KH-Koneet. The calculation indicates that KH-Koneet could independently be as valuable as Sievi's market cap at present and that the investor would thus in a way receive the other parts of Sievi free of charge. The calculation is preliminary, as it is based on FAS accounting and the transition to IFRS accounting may result in substantial changes.

However, relying on the DCF model of KH-Koneet in valuation requires that the company proves the sustainability of its current strong performance also in a weaker market.



NB: The 'other liabilities' row in the sum of the parts relates to the redemption option of KH-Koneet's and HTJ's minorities

# Indoor Group

Indoor Group has been a very successful investment for Sievi Capital, especially through the strong cash flow the company generates.

## Company description

Indoor Group Oy owns retail chains Asko and Sotka, and the company also includes the sofa factory Insofa Oy located in Lahti, as well as Indoor Group AS that is responsible for Estonian operations.

## Business model

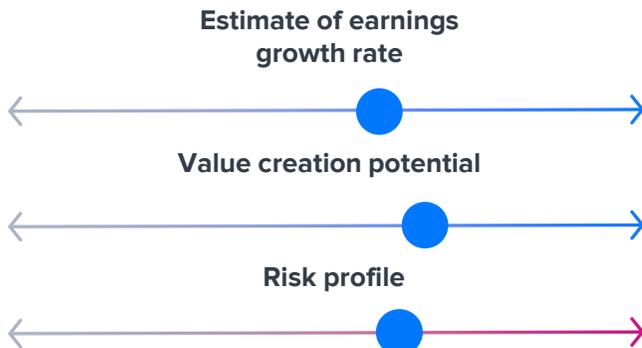
Indoor Group has a nationwide retail network in Finland. The importance of e-commerce has also increased in the company's multi-channel business model.

## Investment story

Sievi Capital acquired a majority holding in Indoor in 2017 from Kesko. During COVID years the company's performance was strong. The strategy updated in summer 2020 aims to continue improving profitability so that the EBIT margin would double from the 2019 level.

## Competitive advantage

Indoor Group's competitive edge is well-known brands, good market position and the high volumes it generates. The own sofa factory in Lahti also enables demand-driven product tailoring for Asko.



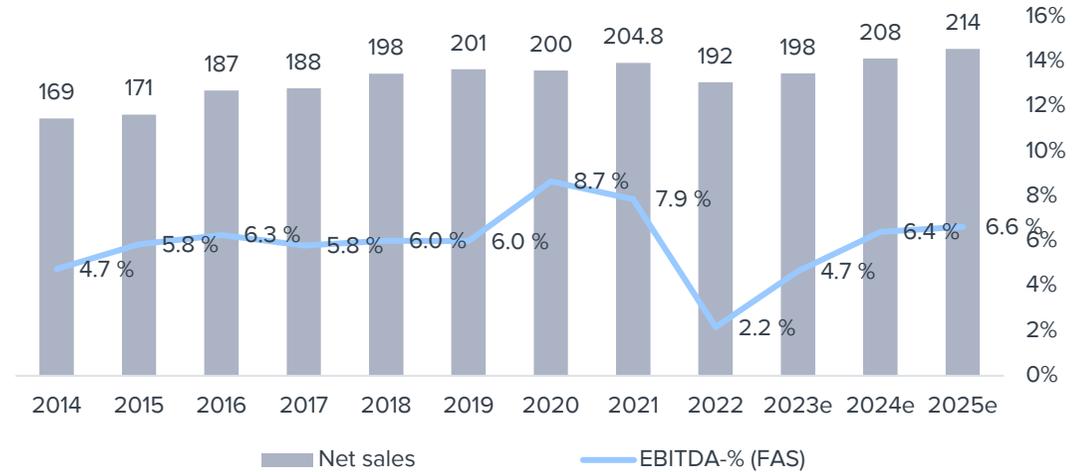
EV/EBITDA\*  
**4.8x**  
2023e

Estimated EV\*  
**126**  
MEUR

Holding  
**58.3%**  
2021

Holding  
**29.0**  
MEUR

## Key figures and estimates \*\*(FAS):



## Value drivers

- Sharpening brands and pricing
- Utilizing customer data
- The source of growth is expansion of product groups and e-commerce
- Strong cash flow and good return on capital
- Streamlining operations by harmonizing background processes



## Risk factors

- Low consumer confidence and declining purchasing power lasting longer than expected
- Overall market growth has been slow before COVID
- Forcing growth through expensive acquisitions
- Tighter competition
- Successful upgrade of ERP system



## Valuation

- Valuation with EV/EITDA ratios on level with the peer group when the non-recurring ERP system costs are adjusted. 2023 P/E ratios are, however, elevated as poor performance is particularly evident in the bottom line.
- We expect Indoor to return to generating a more normal result in 2024 when the P/E ratio is 8x.

\*EV and EBITDA according to IFRS accounting \*\*FAS accordant EBITDA in the graph to maintain a comparable time series In IFRS accounting, EBITDA is some EUR 17 million higher and net liabilities EUR 67 million higher than in FAS. The dip in profitability we expect in 2022 is also explained by the ERP project and the related cloud service investment (-3.2 MEUR) that is processed as a cost. We also expect another EUR 1 million in these costs in 2023. These costs have not been adjusted in the graph.

# KH-Koneet Group

KH-Koneet Group has been a successful investment for Sievi Capital as the company group has developed excellently since its formation.

## Company description

KH-Koneet Group is an importer and retailer of construction and earth-moving machinery. It also offers maintenance and spare part services.

The company also has an earth-moving machinery rental company founded in 2018 and in 2019 the company expanded to Sweden with an acquisition.

## Business model

KH-Koneet has a comprehensive network and service offering in Finland and now also in Sweden. There are very few intermediate stages in the supply chain. In the company's business model, the sellers are essential and the cost structure is flexible with its success.

## Investment story

Sievi Capital invested in KH-Koneet Group in 2017. The growth of the group consisting of separate companies has been strong during the investment period. Now the company seeks profitable growth, especially in Sweden, where market shares are still low

## Competitive advantage

The company has also been able to build strong relationships and a good negotiating position to both manufacturers and customers. The company's agile and self-directed organization also brings a clear competitive advantage.

### Estimate of earnings growth rate



### Value creation potential



### Risk profile



EV/EBITDA  
**6.5x**  
2023e

Estimated EV  
**79.7**  
MEUR

Holding  
**100%**  
2022

Holding  
**50.9**  
MEUR

## Key figures and estimates:



### Value drivers

- Sales growth in Sweden through expansion of the network and representation
- Introducing the operating model of KH-Koneet to Sweden and raising profitability to the level of Finland
- Increase rental activities



### Risk factors

- Success of the acquisition
- Deterioration of the market situation
- Tightening competition
- Manufacturer's M&A transactions
- Effect of component shortage on availability
- As the Group grows, maintaining a self-directed culture can create challenges



### Valuation

- We currently value the company with a conservative EV/EBITDA of 6.5x with 2023 estimates and the P/E ratio is about 9x
- A discount to peers is justified as the peers are large companies that manufacture construction and earth-moving machinery and that are priced at a premium compared to importers.

2010-2016 figures are pro-forma figures including Edeco Tools Oy, KH-Koneet Oy, KH-Engineering Oy

\*Sievi Capital's holding at the end of 2022 was 90.7%, but it has an option to increase its holding to 100%

# Nordic Rescue Group

The company carried out the acquisition in February 2020 and it has so far been a clear failure on Sievi.

## Company description

Saurus' premises are located in Jyväskylä and Sala Brand's in Sweden. The Group has a strong position on its domestic markets in Finland and Sweden.

## Business model

Saurus' and Sala Brand's business consists of the assembly of rescue vehicles. Sales is targeted directly at domestic end customers.

## Investment story

The former owner of the companies Kiitokori sold the companies in a generation changeover. Under Sievi, NRG's story has been bumpy, as Vema Lift failed to deliver on its promises concerning international growth. Vema Lift was declared bankrupt at the end of 2022.

## Competitive advantage

Strong brands and market position in Finland and Sweden, skilled personnel and long customer relationships also bring competitive advantages.



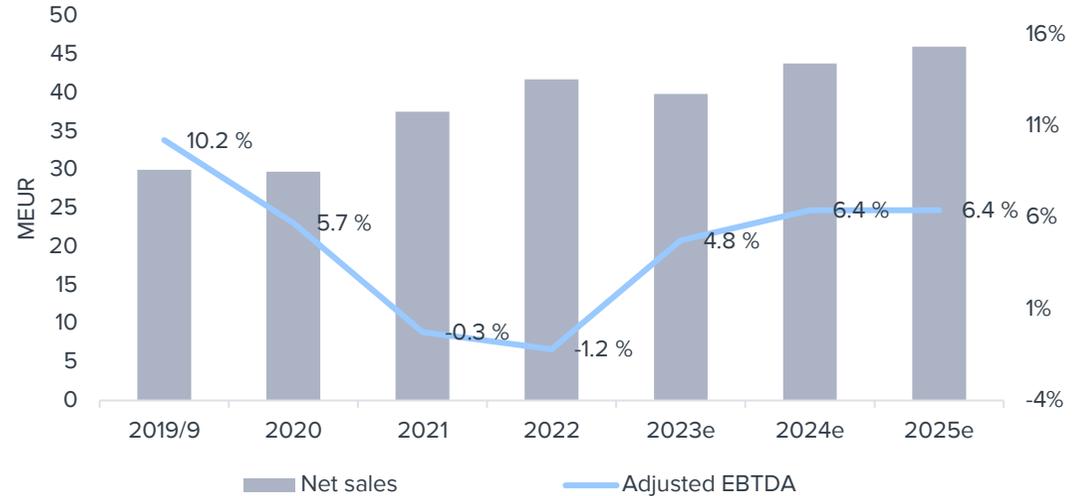
EV/EBITDA  
**6.0x**  
2023e

Estimated EV  
**11.4**  
MEUR

Holding  
**68.1%**  
2022

Holding  
**0.5**  
MEUR

## Key figures and estimates:



### Value drivers

- After Vema Lift's bankruptcy, the focus is on the Finnish and Swedish markets
- Easing of component shortage
- Increasing production capacity at the rate of demand
- Accelerating production lead times and improving working capital
- Adjusting the cost level of the parent company to the shrinking group



### Risk factors

- Weakening economic situation
- Tightening competitive situation
- A new component shortage could again have a negative impact on platform deliveries, as the position in the value chain is not particularly good



### Valuation

- Very limited impact on the value of Sievi due to the company's high debt burden

# Logistikas

The acquisition of Logistikas was carried out in December 2020. Logistikas is a logistics service company specialized in demanding customer relationships.

## Company description

Logistikas currently operates in seven locations in Finland, both in its own logistics centers and in customers' premises. The Group employs approximately 230 people.

## Business model

The services offered by the Group includes service products for local logistics, internal logistics and local warehousing, as well as expert services and comprehensive procurement services. The business model only ties a limited amount of capital.

## Investment story

Logistikas has gained the reputation of a reliable operator, especially among demanding customers. The company's profitability has also risen to a strong level. With the support of Sievi Capital, the company carried out its first acquisition in July in Vaasa.

## Competitive advantage

The company's competitive advantages are the ability to provide a comprehensive service package, strong customer relationships, satisfied personnel, highly invested information system and a good location near the Port of Rauma.



EV/EBITDA  
**6.5x**  
2023e

Estimated EV  
**21.5**  
MEUR

Holding  
**65.9%**  
2021

Holding  
**10.4**  
MEUR

## Key figures and estimates:



## Value drivers

- The outsourcing rate in logistics is still low in Finland which supports the market
- Continuing sales growth within existing customers
- Continuing new customer acquisition
- Acquisitions boost growth
- Costs scale with net sales growth



## Risk factors

- Weakening economic situation
- Tightening competitive situation
- Failure in acquisitions



## Valuation

- The company's business model requires little investment and its cash flow profile is good. Therefore, we believe the 2023e EV/EBITDA range of 6-7x we apply is conservative.
- However, the company is small and unlisted, which depresses the acceptable multiples

\*2019 figures are pro-forma figures

# Rakennuttajatoimisto HTJ

Rakennuttajatoimisto HTJ is Sievi Capital's latest acquisition carried out in October 2021.

## Company description

HTJ is a construction consulting company established in 1999. The company provides building construction management and supervision services, as well as building engineering services and infrastructure construction services.

## Business model

The company focuses on expert activities that generate good ROE and cash flow. The foundation of the service offering is versatile construction management, supervision and project management services.

## Investment story

The market for the services provided by HTJ is estimated to have grown by an average of some 6% p.a. in 2015-2020. Under Sievi, HTJ also carried out its first acquisition (Infrap Oy spring 2022). In the past, the company has grown only organically.

## Competitive advantage

The company has a strong growth track record and the business has grown organically by some 50% since 2017. Long-term customer relationships, skilled and committed personnel, and a strong service concept and brand form the competitive advantages of HTJ's operations.

### Estimate of earnings growth rate



### Value creation potential



### Risk profile



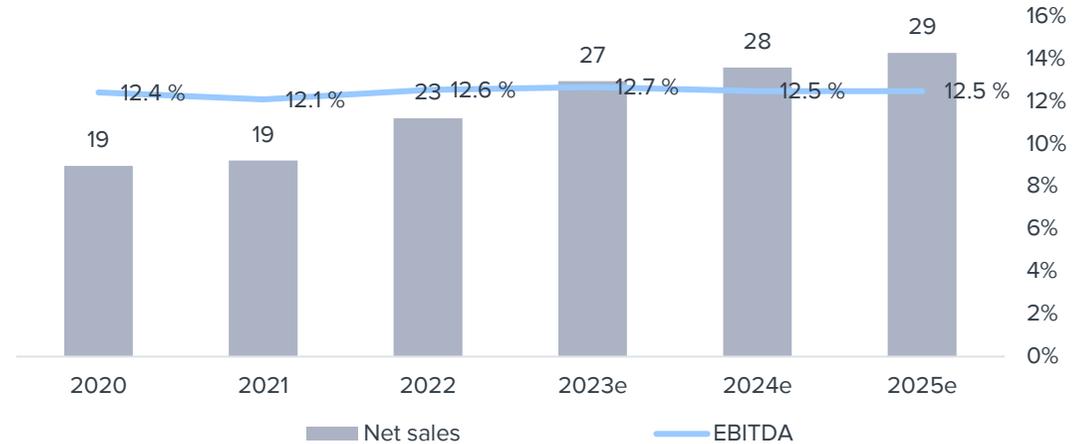
EV/EBITDA  
**6.5x**  
2023e

Estimated EV  
**20.8**  
MEUR

Holding  
**100%**  
2022

Holding  
**12.5**  
MEUR

## Key figures and estimates:



### Value drivers

- Strongly growing target market
- Continue growing stronger than the market organically
- In recent years, the biggest growth has come from infrastructure services, which continue to show significant growth potential
- Acquisitions as a growth catalyst



### Risk factors

- Weakening economic situation
- Tightening competitive situation
- Failure in acquisitions



### Valuation

- The company's business model requires little investment and its cash flow profile is good. Therefore, the 2023e EV/EBITDA range of 6-7x we apply is conservative.
- A clear discount to listed peers is, however, justified due to the smaller size.

\*Sievi Capital's holding at the end of 2022 was 91.7%, but it has an option to increase its holding to 100%

# Peer group valuations

Indoor Group*	EV	EV/EBITDA 22	EV/EBITDA 23	P/E 22	P/E 23
Surteco Group SE	702	8,2	7,7	11,6	12,2
Nobia AB	559	4,5	5,7	8,5	13,3
Maisons du Monde SA	1139	5,0	4,8	14,3	12,4
Leon's Furniture Ltd	1089	4,6	4,6	7,6	7,7
Williams-Sonoma Inc	1098	4,4	4,2	8,1	7,0
<b>Median</b>	<b>1089</b>	<b>4,6</b>	<b>4,8</b>	<b>8,5</b>	<b>12,2</b>
Indoor Group (IFRS)	126	5,4	4,6	59,7	16,5
Difference -%	-88 %	17 %	-4 %	604 %	35 %

NB! Indoor's 2022 EBITDA weakened temporarily by EUR 3.2 million due to the ERP system update and we have adjusted this item in 2022 figures. We also expect around EUR 1 million of these costs in the 2023 estimate, which we have adjusted here.

HTJ	EV	EV/EBITDA 22	EV/EBITDA 23	EV/S 22
Sitowise Group Oyj	231	9,4	8,1	1,1
Sweco AB (publ)	4594	17,8	16,0	2,2
Afry AB	2324	10,8	8,8	1,1
Rejlers AB (publ)	299	8,6	7,9	1,0
WSP Global Inc	17235	17,1	14,2	2,9
Etteplan Oyj	493	10,1	9,6	1,4
Arcadis NV	4353	11,7	8,7	1,2
<b>Median</b>	<b>2324</b>	<b>10,8</b>	<b>8,8</b>	<b>1,2</b>
HTJ	21	7,2	6,5	0,9
Difference -%	-99 %	-34 %	-26 %	-24 %

KH-Koneet Group	EV	EV/EBITDA 22	EV/EBITDA 23	P/E 22	P/E 23
Ponsse Oyj	830	10,6	9,5	21,0	18,3
Palfinger AG	1802	8,0	6,5	14,5	10,5
Volvo AB	48787	8,1	7,2	10,9	9,4
Deere & Comp	147881	15,0	11,8	16,6	12,5
Caterpillar Inc	127931	13,5	10,6	15,5	12,1
AGCO Corp	9926	7,3	6,0	10,8	8,9
Terex Corp	3520	8,5	6,3	12,1	8,7
<b>Median</b>	<b>9926</b>	<b>8,5</b>	<b>7,2</b>	<b>14,5</b>	<b>10,5</b>
KH-Koneet Group	80	6,3	6,5	8,7	9,3
Difference -%	-99 %	-26 %	-9 %	-40 %	-12 %

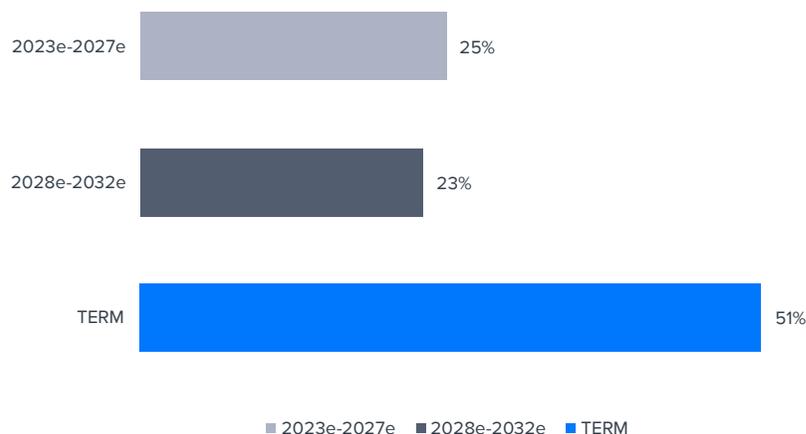
Nordic Rescue Group	EV	EV/EBITDA 22	EV/EBITDA 23	EV/S 22
Rosenbauer Int AG	536	18,6	7,8	0,5
Oshkosh Corp	4672	10,8	7,4	0,6
REV Group Inc	784	8,5	7,1	0,4
<b>Median</b>	<b>784</b>	<b>10,8</b>	<b>7,4</b>	<b>0,5</b>
Nordic Rescue Group*	11,4	-5,7	6,0	0,3
Difference -%	-99 %	-153 %	-19 %	-49 %

Source: Inderes and Refinitiv, valuation levels for peers collected on May 4, 2023. \* Indoor Group EV includes lease liabilities under IFRS 16. Estimates of other companies under FAS accounting.

# DCF calculation

DCF calculation KH-Koneet	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	15.4 %	0.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	4.4 %	4.2 %	4.2 %	4.7 %	4.7 %	4.8 %	4.9 %	5.1 %	5.2 %	5.2 %	5.2 %	5.2 %
<b>EBIT (operating profit)</b>	<b>8.6</b>	<b>8.1</b>	<b>8.7</b>	<b>10.2</b>	<b>10.5</b>	<b>11.4</b>	<b>12.2</b>	<b>12.9</b>	<b>13.5</b>	<b>13.7</b>	<b>14.0</b>	
+ Depreciation	2.9	2.3	2.0	1.8	1.7	1.6	1.5	1.5	1.4	1.3	1.3	
- Paid taxes	-2.4	-1.5	-1.5	-1.9	-2.0	-2.2	-2.4	-2.5	-2.6	-2.7	-2.6	
- Tax, financial expenses	-0.2	-0.3	-0.3	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-8.0	-2.0	-2.2	-2.4	-2.5	-2.6	-2.7	-1.1	-1.2	-1.2	-1.2	
<b>Operating cash flow</b>	<b>0.9</b>	<b>6.6</b>	<b>6.6</b>	<b>7.5</b>	<b>7.5</b>	<b>8.0</b>	<b>8.4</b>	<b>10.5</b>	<b>10.8</b>	<b>11.0</b>	<b>11.3</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	0.0	
- Gross CAPEX	-0.5	-1.0	-1.0	-1.1	-1.1	-1.1	-1.1	-1.0	-1.0	-1.0	-1.4	
<b>Free operating cash flow</b>	<b>0.4</b>	<b>5.6</b>	<b>5.6</b>	<b>6.5</b>	<b>6.5</b>	<b>7.0</b>	<b>7.4</b>	<b>9.5</b>	<b>9.8</b>	<b>10.0</b>	<b>9.9</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	0.4	5.6	5.6	6.5	6.5	7.0	7.4	9.5	9.8	10.0	9.9	124
<b>Discounted FCFF</b>		<b>5.2</b>	<b>4.7</b>	<b>4.9</b>	<b>4.5</b>	<b>4.4</b>	<b>4.2</b>	<b>4.9</b>	<b>4.6</b>	<b>4.2</b>	<b>3.8</b>	<b>48.0</b>
Sum of FCFF present value		93.5	88.3	83.6	78.7	74.2	69.8	65.6	60.7	56.1	51.8	48.0
<b>Enterprise value DCF</b>		<b>93.5</b>										
- Interesting bearing debt		-44.9										
+ Cash and cash equivalents		17.0										
-Minorities		0.0										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>65.6</b>										
<b>Equity value DCF per Sievi's share</b>		<b>1.1</b>										
<b>Wacc</b>												
Tax-% (WACC)		20.0 %										
Target debt ratio (D/(D+E))		20.0 %										
Cost of debt		5.0 %										
Equity Beta		1.30										
Market risk premium		4.75%										
Liquidity premium		3.00%										
Risk free interest rate		2.5 %										
<b>Cost of equity</b>		<b>11.7 %</b>										
<b>Weighted average cost of capital (WACC)</b>		<b>10.1 %</b>										

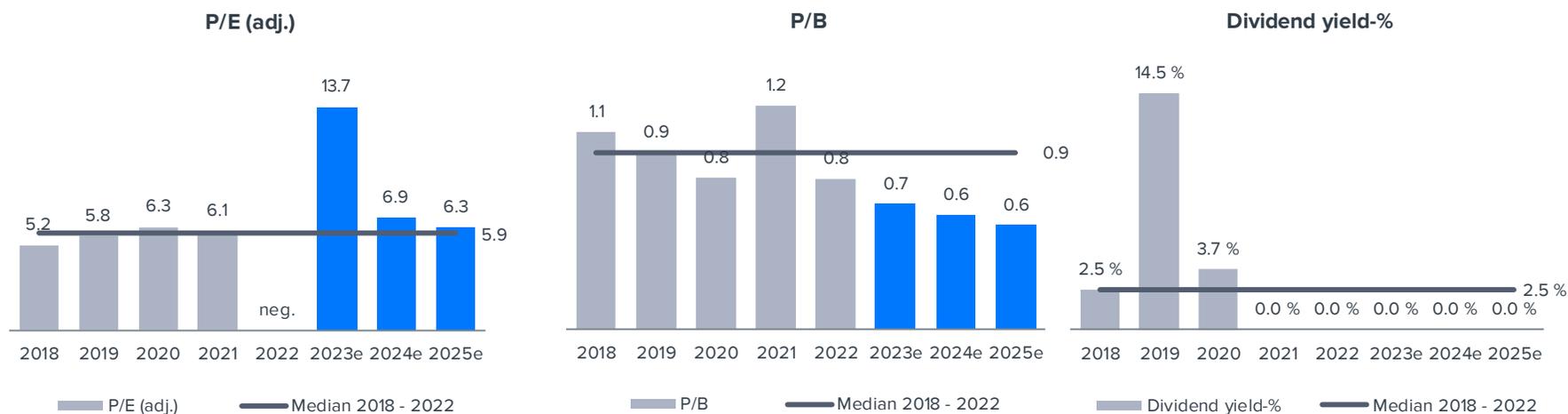
Cash flow distribution



# Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	1.22	1.28	1.08	1.92	1.18	1.03	1.03	1.03	1.03
Number of shares, millions	57.8	57.8	58.0	58.1	58.1	58.1	58.1	58.1	58.1
Market cap	70	74	63	112	69	60	60	60	60
EV	74	42	54	116	77	78	79	81	84
P/E (adj.)	5.2	5.8	6.3	6.1	neg.	13.7	6.9	6.3	5.7
P/E	5.2	5.8	6.3	6.1	neg.	13.7	6.9	6.3	5.7
P/FCF	4.4	8.1	5.7	4.5	neg.	44.0	5.6	5.2	4.8
P/B	1.1	0.9	0.8	1.2	0.8	0.67	0.61	0.6	0.5
P/S	19.0	>100	19.6	9.7	34.3	29.9	19.9	19.9	19.9
EV/Sales	19.9	83.3	16.9	10.1	38.6	38.8	26.4	27.1	27.9
EV/EBITDA	4.5	2.6	4.6	5.8	neg.	13.7	6.6	6.2	5.8
EV/EBIT (adj.)	4.5	2.6	4.6	5.8	neg.	13.7	6.6	6.2	5.8
Payout ratio (%)	12.8 %	83.5 %	23.4 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	38.6 %
Dividend yield-%	2.5 %	14.5 %	3.7 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	6.8 %

Source: Inderes



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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
25-10-18	Sell	1.50 €	2.12 €
05-11-18	Reduce	1.35 €	1.46 €
21-12-18	Reduce	1.25 €	1.25 €
03-03-19	Accumulate	1.35 €	1.30 €
23-08-19	Reduce	1.25 €	1.24 €
30-10-19	Reduce	1.25 €	1.23 €
29-11-19	Accumulate	1.30 €	1.21 €
08-01-20	Reduce	1.40 €	1.40 €
30-01-20	Reduce	1.25 €	1.35 €
04-03-20	Reduce	1.15 €	1.18 €
27-04-20	Reduce	0.90 €	0.87 €
29-04-20	Accumulate	0.92 €	0.88 €
23-06-20	Accumulate	0.98 €	0.89 €
26-08-20	Accumulate	1.10 €	1.04 €
30-10-20	Buy	1.15 €	1.01 €
25-02-21	Buy	1.30 €	1.19 €
14-04-21	Accumulate	1.55 €	1.49 €
30-04-21	Accumulate	1.55 €	1.48 €
17-06-21	Buy	1.65 €	1.34 €
18-08-21	Accumulate	2.10 €	2.06 €
19-08-21	Accumulate	2.80 €	2.39 €
30-09-21	Buy	2.80 €	1.95 €
01-11-21	Accumulate	2.50 €	2.09 €
15-12-21	Accumulate	2.00 €	1.94 €
04-03-22	Buy	1.80 €	1.52 €
17-03-22	Accumulate	1.80 €	1.64 €
06-05-22	Buy	1.80 €	1.36 €
18-08-22	Accumulate	1.50 €	1.29 €
04-11-22	Buy	1.40 €	1.14 €
16-12-22	Buy	1.40 €	1.17 €
21-02-23	Accumulate	1.35 €	1.20 €
01-03-23	Accumulate	1.20 €	1.08 €
05-05-23	Buy	1.20 €	1.03 €



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