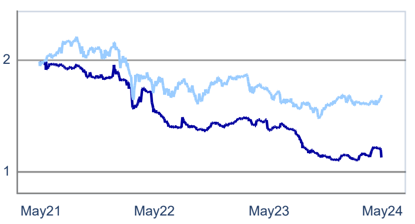
Tallinna Sadam

Business Services
Estonia

KEY DATA

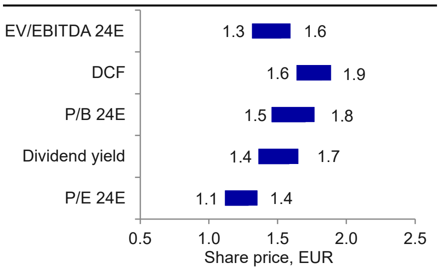
Stock country	Estonia
Bloomberg	TSM1T ET
Reuters	TSM1T.TL
Share price (close)	EUR 1.13
Free float	33%
Market cap. (bn)	EUR 0.30/EUR 0.30
Website	www.ts.ee
Next report date	12 Aug 2024

PERFORMANCE



Source: LSEG Data & Analytics

VALUATION APPROACH (EUR/SHARE)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	-1%	-1%	-1%
EBIT (adj)	0%	-1%	-1%

Source: Nordea estimates

Nordea IB & Equity - Analysts
Pasi Väisänen
Director

Q1 sales and EBITDA close to our expectations

Containers, dry bulk cargo and the number of passengers grew in Q1 y/y, but liquid bulk cargo continued to decline. Although total cargo tonnes could remain the same for 2024 y/y, the number of passengers and vessel calls have the potential to grow by ~5% y/y for 2024. Overall, earnings momentum appears to be returning and the company could launch several growth projects in the near future. It is still trading at a 2024E P/BV of 0.8x, compared to the historical average of 1.2x (2018-23) and the peer group average of 1.5x. Our valuation approach is based on a combination of DCF, dividend yield and a peer group comparison, which together yield a fair value range of EUR 1.4-1.7 per share.

Tallinna Sadam's y/y decline in total cargo volumes ended in Q1

Group net sales were EUR 28m in Q1 (our estimate: EUR 29m). Revenue growth was -2% y/y. Adjusted EBITDA was EUR 13m (our forecast: EUR 13m). The Passenger and Ferry segments were slightly weaker than we expected, but the Cargo Harbours segment was above our forecast in Q1. The company has setup a competition to develop vacant areas in Muuga Harbour and the property development project could enter the tendering phase in late 2024. An FID for a wind farm commissioning service operation vessel (CSOV) could also be made at the end of this year. Tallinna Sadam did not issue a full-year guidance, but we forecast that net sales will be up by 4% y/y and adjusted EBITDA margin to be 46% for 2024.

The state has a plan to sell 16% of the company

The government of Estonia is considering reducing its ownership in Tallinna Sadam, from 67% to 51%. Preparations are ongoing, but the final transaction could happen in H2 2025 or early 2026, depending on clean EBITDA improving. New projects related to Muuga harbour, the offshore service vessel and for property development need to be launched and become active to create a credible growth story.

We do not view the valuation as challenging

Adjusted EBITDA margin was 46% in Q1. We see an annual EBITDA margin of 50% as realistic in the medium term. Its valuation does not seem challenging, but growth is needed for a rerating of valuation multiples. A new contract for ferry operations reduces risks in the medium term, but much depends on the overall market situation and demand for more square metres in the city centre, considering property development projects.

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	107	110	122	117	122	127	131
EBITDA (adj)	60	55	56	50	55	59	62
EBIT (adj)	36	30	31	25	31	33	36
EBIT (adj) margin	33.1%	27.0%	25.3%	21.1%	25.4%	26.3%	27.3%
EPS (adj, EUR)	0.11	0.10	0.09	0.06	0.08	0.08	0.09
EPS (adj) growth	-35.8%	-10.2%	-3.2%	-37.7%	31.3%	6.6%	9.5%
DPS (ord, EUR)	0.08	0.10	0.07	0.07	0.07	0.07	0.08
EV/Sales	6.1	6.0	4.3	3.8	3.8	3.7	3.5
EV/EBIT (adj)	18.5	22.1	16.8	17.8	14.9	13.9	12.7
P/E (adj)	16.6	19.1	15.1	19.2	14.7	13.7	12.6
P/BV	1.3	1.3	1.0	0.8	0.8	0.8	0.8
Dividend yield (ord)	4.3%	5.2%	5.1%	6.5%	6.5%	6.5%	7.2%
FCF Yield bef A&D, lease	4.1%	7.8%	13.9%	9.0%	-0.7%	4.7%	10.7%
Net debt	185	168	143	142	163	168	156
Net debt/EBITDA	3.1	3.1	2.5	2.8	2.9	2.9	2.5
ROIC after tax	5.2%	4.4%	4.6%	3.8%	4.7%	4.9%	5.3%

Source: Company data and Nordea estimates

Quarterly estimates by segment

QUARTERLY SEGMENT ESTIMATES (EURm)

	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24E	Q3 24E	Q4 24E
Passenger harbours												
Sales (EURm)	6.0	10.7	13.0	8.1	8.0	10.0	10.7	8.8	7.5	10.4	11.6	9.5
Sales growth (%)	21%	88%	34%	-3%	33%	-7%	-17%	8%	-6%	4%	8%	9%
Adj. EBIT (EURm)	0.6	4.5	5.6	0.2	1.2	3.9	4.3	2.4	1.5	4.0	4.8	2.7
Adj. EBIT margin (%)	10%	42%	43%	3%	15%	39%	40%	28%	20%	38%	41%	28%
Cargo harbours												
Sales (EURm)	9.7	9.9	9.4	9.9	7.9	7.7	7.2	8.0	7.8	8.1	7.8	8.5
Sales growth (%)	1%	0%	-14%	-5%	-18%	-22%	-23%	-19%	-2%	5%	8%	6%
Adj. EBIT (EURm)	3.1	3.0	1.5	0.9	1.2	1.1	0.5	0.3	1.6	1.2	0.7	1.1
Adj. EBIT margin (%)	32%	31%	16%	9%	16%	15%	7%	4%	21%	15%	9%	13%
Ferry segment												
Sales (EURm)	7.4	8.8	10.2	8.3	8.4	9.4	10.4	8.5	8.6	10.0	11.0	9.0
Sales growth (%)	9%	13%	18%	12%	13%	7%	2%	2%	2%	6%	6%	6%
Adj. EBIT (EURm)	1.8	2.5	3.0	1.6	2.4	2.7	3.1	1.5	2.0	2.8	3.5	2.1
Adj. EBIT margin (%)	24%	28%	30%	20%	28%	29%	30%	18%	23%	28%	32%	24%
Other												
Sales (EURm)	3.7	1.0	3.8	1.9	4.0	1.7	3.1	2.8	4.1	1.7	3.3	2.9
Sales growth (%)	2%	4%	22%	-17%	10%	76%	-17%	48%	2%	1%	6%	3%
Adj. EBIT (EURm)	1.8	-0.8	1.8	-0.1	2.0	-2.0	-0.5	0.4	1.9	-0.4	0.9	0.6
Adj. EBIT margin (%)	48%	-88%	47%	-6%	49%	-116%	-15%	15%	45%	-24%	26%	21%
Group												
Sales (EURm)	26.8	30.4	36.3	28.2	28.4	28.8	31.4	28.0	27.9	30.2	33.7	29.9
Sales growth (%)	7%	25%	13%	-1%	6%	-5%	-13%	-1%	-2%	5%	7%	7%
Adj. EBITDA (EURm)	13.5	15.4	18.0	9.0	13.6	11.7	13.5	10.4	12.7	13.6	15.9	12.6
Adj. EBITDA margin (%)	50%	51%	50%	32%	48%	41%	43%	37%	46%	45%	47%	42%
Adj. EBIT (EURm)	7.2	9.1	11.8	2.6	6.8	5.8	7.4	4.6	7.0	7.6	9.8	6.5
Adj. EBIT margin (%)	27%	30%	33%	9%	24%	20%	24%	17%	25%	25%	29%	22%
Net financials	-0.3	-0.3	-0.4	-0.9	-1.1	-1.5	-1.7	-1.8	-1.8	-1.9	-2.0	-2.0
PTP	7.0	8.8	11.5	1.7	5.7	4.3	5.7	2.8	5.2	5.7	7.8	4.5
Net result adj.	7.0	4.7	11.5	1.8	5.7	1.4	5.7	2.8	5.2	2.7	7.8	4.5
Net result	7.0	4.7	11.5	1.8	5.7	1.4	5.7	2.8	5.2	2.7	7.8	4.5
EPS adj. (EUR)	0.03	0.02	0.04	0.01	0.02	0.01	0.02	0.01	0.02	0.01	0.03	0.02
EPS (EUR)	0.03	0.02	0.04	0.01	0.02	0.01	0.02	0.01	0.02	0.01	0.03	0.02

Source: Company data and Nordea estimates

Annual estimates by segment

ANNUAL SEGMENT ESTIMATES (EURm)

	2017	2018	2019	2020	2021	2022	2023	2024E	2025E
Passenger harbours									
Sales (EURm)	49.9	49.9	49.8	19.0	28.8	37.9	37.5	39.0	41.1
Sales growth (%)		0%	0%	-62%	51%	32%	-1%	4%	5%
Adj. EBIT (EURm)	28.8	26.4	26.4	-0.5	6.7	10.9	11.8	13.0	14.0
Adj. EBIT margin (%)	58%	53%	53%	-3%	23%	29%	31%	33%	34%
Cargo harbours									
Sales (EURm)	39.8	41.7	40.1	38.5	40.7	38.8	30.8	32.1	33.9
Sales growth (%)		5%	-4%	-4%	6%	-5%	-21%	4%	6%
Adj. EBIT (EURm)	15.1	15.5	14.2	11.1	13.6	8.4	3.2	4.6	5.4
Adj. EBIT margin (%)	38%	37%	35%	29%	33%	22%	10%	14%	16%
Ferry segment									
Sales (EURm)	27.1	30.1	30.8	29.4	30.7	34.8	36.7	38.5	40.1
Sales growth (%)		11%	2%	-5%	4%	13%	6%	5%	4%
Adj. EBIT (EURm)	3.5	7.4	8.3	8.1	6.6	8.9	9.7	10.4	11.0
Adj. EBIT margin (%)	13%	25%	27%	28%	21%	26%	27%	27%	27%
Other									
Sales (EURm)	4.6	8.9	9.8	9.5	9.9	10.3	11.7	12.0	12.3
Sales growth (%)		95%	9%	-3%	5%	4%	13%	3%	2%
Adj. EBIT (EURm)	-7.1	2.3	2.9	1.9	2.9	2.6	-0.1	2.9	3.1
Adj. EBIT margin (%)	-154%	25%	29%	20%	29%	25%	-1%	24%	25%
Group									
Sales (EURm)	121.3	130.6	130.5	107.4	110.1	121.7	116.6	121.7	127.3
Sales growth (%)		8%	0%	-18%	3%	11%	-4%	4%	5%
Adj. EBITDA (EURm)	66.7	74.4	74.7	59.7	54.5	56.1	50.0	55.4	59.0
Adj. EBITDA margin (%)	55%	57%	57%	56%	50%	46%	43%	46%	46%
Adj. EBIT (EURm)	40.3	52.1	51.7	35.6	29.8	30.8	24.6	30.9	33.5
Adj. EBIT margin (%)	33%	40%	40%	33%	27%	25%	21%	25%	26%
Net financials	-1.6	-1.5	-1.5	-2.1	-0.9	-1.8	-6.2	-7.7	-8.9
PTP	38.7	50.6	50.2	33.4	28.9	29.0	18.4	23.3	24.6
Net result adj.	26.8	24.4	44.4	28.5	25.6	24.8	15.4	20.3	21.6
Net result	26.8	24.4	44.4	28.5	25.6	24.8	15.4	20.3	21.6
EPS adj. (EUR)	0.10	0.11	0.17	0.11	0.10	0.09	0.06	0.08	0.08
EPS (EUR)	0.10	0.11	0.17	0.11	0.10	0.09	0.06	0.08	0.08

Source: Company data and Nordea estimates

Peer group financials and valuation

PEER GROUP FINANCIALS

	Sales (EURm)				Sales growth				EBIT margin			
	2022	2023	2024E	2025E	2022	2023	2024E	2025E	2022	2023	2024E	2025E
Shanghai International Port Group	5,050	4,794	4,945	5,030	9%	1%	9%	2%	37%	28%	23%	24%
Hamburger Hafen und Logistik	1,578	1,447	1,564	1,658	8%	-8%	6%	6%	13%	9%	11%	12%
Adani Ports	2,038	2,341	2,969	3,399	36%	22%	28%	16%	48%	44%	47%	47%
China Merchants Port Holdings	1,501	1,332	1,394	1,447	6%	-8%	-1%	4%	36%	40%	35%	35%
Qube Holdings	1,635	1,749	2,034	2,153	27%	15%	10%	6%	9%	9%	10%	10%
COSCO SHIPPING Ports	1,347	1,318	1,438	1,513	19%	1%	6%	5%	19%	23%	18%	18%
Abu Dhabi Ports Company	1,399	2,882	4,134	4,618	41%	112%	37%	12%	30%	18%	17%	17%
Vegetexco Port	512	467	n.a.	n.a.	25%	-3%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Sociedad Matriz SAAM	432	489	n.a.	n.a.	13%	17%	n.a.	n.a.	15%	13%	n.a.	n.a.
Ocean Wilsons Holdings	411	441	498	550	11%	11%	17%	10%	26%	25%	28%	29%
Wilson Sons Holdings Brasil	402	453	491	530	6%	7%	13%	8%	26%	28%	29%	30%
Dalrymple Bay Infrastructure	399	404	401	412	24%	5%	10%	3%	37%	37%	36%	36%
Isewan Terminal Service	387	486	n.a.	n.a.	25%	34%	n.a.	n.a.	6%	8%	n.a.	n.a.
Santos Brasil Participacoes	341	399	519	586	26%	11%	36%	13%	29%	35%	44%	46%
Westshore Terminals Investment	201	261	246	240	-14%	30%	-1%	-2%	39%	45%	39%	39%
Saudi Industrial Services	247	387	281	311	1%	61%	6%	10%	26%	34%	33%	35%
Touage Investissements Reunies	211	n.a.	n.a.	n.a.	25%	n.a.	n.a.	n.a.	14%	n.a.	n.a.	n.a.
Alexandria Container and Cargo	145	147	115	162	19%	75%	30%	40%	60%	72%	n.a.	n.a.
Sun Kwang	128	130	n.a.	n.a.	6%	8%	n.a.	n.a.	16%	21%	n.a.	n.a.
China Container Terminal	96	93	n.a.	n.a.	2%	n.a.	n.a.	n.a.	11%	9%	n.a.	n.a.
Fushiki Kairiku Unso	86	83	n.a.	n.a.	-1%	7%	n.a.	n.a.	6%	10%	n.a.	n.a.
Gujarat Pipavav Port	89	103	109	119	1%	23%	6%	10%	39%	42%	44%	46%
Namyong Terminal	39	46	47	49	9%	20%	6%	4%	27%	33%	36%	n.a.
Group median					**11%**	**11%**	**9%**	**7%**	**26%**	**28%**	**33%**	**32%**
Tallinna Sadam (Nordea)	122	117	122	127	11%	-4%	4%	5%	25%	21%	25%	26%
diff. from median (pp)					**0**	**-15**	**-5**	**-2**	**-1**	**-7**	**-8**	**-6**

Source: Company data, LSEG Data & Analytics and Nordea estimates

PEER GROUP VALUATION (x)

	P/E				EV/EBIT				P/B			
	2022	2023	2024E	2025E	2022	2023	2024E	2025E	2022	2023	2024E	2025E
Shanghai International Port Group	77.8	3.5	n.a.	n.a.	37.4	8.3	n.a.	n.a.	2.3	0.3	n.a.	n.a.
Hamburger Hafen und Logistik	9.7	63.1	21.2	16.3	6.5	16.3	12.3	10.3	1.7	1.6	1.5	1.5
Adani Ports	34.2	25.7	33.8	25.8	27.7	19.2	27.5	21.8	6.6	6.1	5.2	4.4
China Merchants Port	5.7	6.9	7.6	7.3	20.9	20.7	20.8	20.4	0.4	0.4	0.5	0.4
Qube Holdings	45.1	35.2	31.2	23.4	11.0	11.3	10.9	9.2	1.3	1.3	1.2	1.1
COSCO SHIPPING Ports	8.7	7.7	7.2	6.8	25.2	24.9	22.9	21.6	0.4	0.4	0.2	0.2
Abu Dhabi Ports Company	n.a.	30.3	20.4	16.0	24.6	29.8	16.2	13.8	n.a.	1.3	1.3	1.2
Intergis Co	7.6	4.2	7.8	n.a.	2.5	0.9	1.4	n.a.	0.5	0.4	0.4	n.a.
Vegetexco Port	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Sociedad Matriz SAAM	7.6	10.9	n.a.	n.a.	13.3	14.5	n.a.	n.a.	0.6	0.5	n.a.	n.a.
Ocean Wilsons Holdings	38.3	28.6	24.5	24.1	31.7	26.1	25.4	23.6	2.1	2.1	2.1	2.0
Wilson Sons Holdings Brasil	13.5	19.1	16.2	14.2	9.6	12.8	12.1	11.1	0.6	n.a.	n.a.	n.a.
Dalrymple Bay Infrastructure	17.5	18.0	21.9	19.7	12.5	12.2	12.6	12.1	1.2	1.2	2.0	3.0
Isewan Terminal Service	17.2	11.0	9.7	9.5	14.1	11.1	9.1	8.7	1.6	1.6	1.5	1.4
Santos Brasil Participacoes	14.8	15.9	14.6	12.6	12.7	12.3	9.9	8.3	5.1	4.9	4.9	4.8
Westshore Terminals Investment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Saudi Industrial Services	41.3	58.4	n.a.	n.a.	18.9	10.2	n.a.	n.a.	1.0	0.9	n.a.	n.a.
Touage Investissements Reunies	20.9	14.5	14.8	14.6	14.9	11.1	12.7	12.7	2.1	2.0	2.0	2.1
Alexandria Container and Cargo	5.5	7.7	10.2	7.0	5.2	8.1	n.a.	n.a.	2.1	4.5	n.a.	n.a.
Sun Kwang	n.a.	n.a.	n.a.	n.a.	45.4	93.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
China Container Terminal	21.6	32.5	n.a.	n.a.	24.3	30.7	n.a.	n.a.	1.0	1.0	n.a.	n.a.
Fushiki Kairiku Unso	8.3	6.2	n.a.	n.a.	10.8	6.4	n.a.	n.a.	0.3	0.4	n.a.	n.a.
Gujarat Pipavav Port	18.7	18.0	25.6	23.1	10.1	12.2	20.2	17.9	4.5	4.4	4.5	4.3
Namyong Terminal	n.a.	8.1	9.0	7.7	6.8	7.5	6.8	5.9	0.7	0.9	n.a.	n.a.
Sakurajima Futo Kaisha	7.2	8.6	9.9	10.2	15.7	13.3	18.1	16.9	1.2	1.1	0.8	0.8
Group median	**16.0**	**15.2**	**14.8**	**14.4**	**14.1**	**12.3**	**12.7**	**12.7**	**1.2**	**1.2**	**1.5**	**1.5**
Tallinna Sadam (Nordea)	15.1	19.2	14.7	13.7	16.8	17.8	14.3	12.8	1.0	0.8	0.7	0.7
diff. from average	**-6%**	**26%**	**-1%**	**-5%**	**19%**	**45%**	**13%**	**0%**	**-21%**	**-37%**	**-51%**	**-54%**

Source: LSEG Data & Analytics and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	**103**	**121**	**131**	**131**	**107**	**110**	**122**	**117**	**122**	**127**	**131**
Revenue growth	10.0%	17.5%	7.7%	-0.1%	-17.8%	2.5%	10.6%	-4.2%	4.4%	4.6%	3.0%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	49	67	74	75	60	55	56	50	55	59	62
Depreciation and impairments PPE	0	-26	-22	-23	-24	-25	-25	-25	-25	-26	-26
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	49	40	52	52	36	30	31	25	31	33	36
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	49	40	52	52	36	30	31	25	31	33	36
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	-1	-2	-1	-1	-2	-1	-2	-6	-8	-9	-9
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	**48**	**39**	**51**	**50**	**33**	**29**	**29**	**18**	**23**	**25**	**27**
Reported taxes	-9	-12	-26	-6	-5	-3	-4	-3	-3	-3	-3
Net profit from continued operations	40	27	24	44	29	26	25	15	20	22	24
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Net profit to equity	40	27	24	44	29	26	25	15	20	22	24
EPS, EUR	**0.15**	**0.10**	**0.11**	**0.17**	**0.11**	**0.10**	**0.09**	**0.06**	**0.08**	**0.08**	**0.09**
DPS, EUR	0.13	0.18	0.46	0.12	0.08	0.10	0.07	0.07	0.07	0.07	0.08
of which ordinary	0.13	0.18	0.46	0.12	0.08	0.10	0.07	0.07	0.07	0.07	0.08
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit margin in percent											
EBITDA	47.4%	55.0%	57.0%	57.2%	55.6%	49.5%	46.1%	42.9%	45.5%	46.3%	47.0%
EBITA	47.4%	33.2%	39.9%	39.6%	33.1%	27.0%	25.3%	21.1%	25.4%	26.3%	27.3%
EBIT	47.4%	33.2%	39.9%	39.6%	33.1%	27.0%	25.3%	21.1%	25.4%	26.3%	27.3%
Adjusted earnings											
EBITDA (adj)	49	67	74	75	60	55	56	50	55	59	62
EBITA (adj)	49	40	52	52	36	30	31	25	31	33	36
EBIT (adj)	49	40	52	52	36	30	31	25	31	33	36
EPS (adj, EUR)	0.15	0.10	0.11	0.17	0.11	0.10	0.09	0.06	0.08	0.08	0.09
Adjusted profit margins in percent											
EBITDA (adj)	47.4%	55.0%	57.0%	57.2%	55.6%	49.5%	46.1%	42.9%	45.5%	46.3%	47.0%
EBITA (adj)	47.4%	33.2%	39.9%	39.6%	33.1%	27.0%	25.3%	21.1%	25.4%	26.3%	27.3%
EBIT (adj)	47.4%	33.2%	39.9%	39.6%	33.1%	27.0%	25.3%	21.1%	25.4%	26.3%	27.3%
Performance metrics											
CAGR last 5 years											
Net revenue	3.0%	6.5%	4.8%	3.1%	2.7%	1.3%	0.1%	-2.2%	-1.4%	3.5%	3.6%
EBITDA	2.7%	11.1%	8.3%	7.1%	8.1%	2.2%	-3.4%	-7.6%	-5.8%	-0.2%	2.5%
EBIT	2.7%	0.4%	0.9%	-0.5%	-2.5%	-9.5%	-5.2%	-13.9%	-9.8%	-1.2%	3.8%
EPS	1.1%	-2.6%	-6.7%	2.7%	-1.5%	-8.3%	-1.5%	-11.3%	-14.5%	-5.4%	-1.6%
DPS	0.7%	19.1%	46.7%	0.4%	-1.6%	0.7%	-10.7%	-30.8%	-8.7%	-0.8%	-3.5%
Average last 5 years											
Average EBIT margin	46.2%	43.5%	41.8%	40.3%	38.5%	34.9%	33.3%	29.4%	26.3%	25.0%	25.2%
Average EBITDA margin	46.2%	48.5%	50.5%	52.7%	54.7%	55.0%	53.2%	50.3%	47.7%	46.0%	45.6%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E (adj)	n.a.	n.a.	19.1	11.7	16.6	19.1	15.1	19.2	14.7	13.7	12.6
EV/EBITDA (adj)	n.a.	n.a.	9.5	9.3	11.0	12.1	9.2	8.8	8.3	7.9	7.3
EV/EBITA (adj)	n.a.	n.a.	13.6	13.4	18.5	22.1	16.8	17.8	14.9	13.9	12.7
EV/EBIT (adj)	n.a.	n.a.	13.6	13.4	18.5	22.1	16.8	17.8	14.9	13.9	12.7

VALUATION RATIOS - REPORTED EARNINGS

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E	n.a.	n.a.	19.1	11.7	16.6	19.1	15.1	19.2	14.7	13.7	12.6
EV/Sales	n.a.	n.a.	5.42	5.32	6.13	5.97	4.25	3.76	3.78	3.66	3.46
EV/EBITDA	n.a.	n.a.	9.5	9.3	11.0	12.1	9.2	8.8	8.3	7.9	7.3
EV/EBITA	n.a.	n.a.	13.6	13.4	18.5	22.1	16.8	17.8	14.9	13.9	12.7
EV/EBIT	n.a.	n.a.	13.6	13.4	18.5	22.1	16.8	17.8	14.9	13.9	12.7
Dividend yield (ord.)	n.a.	n.a.	22.5%	5.8%	4.3%	5.2%	5.1%	6.5%	6.5%	6.5%	7.2%
FCF yield	n.a.	n.a.	8.0%	6.7%	4.1%	7.8%	13.9%	9.0%	-0.7%	4.7%	10.7%
FCF Yield bef A&D, lease adj	n.a.	n.a.	8.0%	6.7%	4.1%	7.8%	13.9%	9.0%	-0.7%	4.7%	10.7%
Payout ratio	62.3%	126.2%	430.6%	68.0%	71.0%	99.6%	77.4%	124.3%	94.7%	90.0%	90.0%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Intangible assets	1	2	2	2	2	2	2	2	2	2	2
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	1	2	2	2	2	2	2	2	2	2	2
of which goodwill	0	0	0	0	0	0	0	0	0	0	0
Tangible assets	569	577	569	575	588	576	564	559	581	589	582
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
Shares associates	1	1	2	2	1	2	2	2	2	2	2
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	0	0	0	0	0	0
Other non-IB non-current assets	0	0	0	0	0	1	0	0	0	0	0
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	571	581	573	579	591	580	569	564	586	594	586
Inventory	0	0	0	0	0	0	1	1	1	1	1
Accounts receivable	17	9	8	11	10	14	7	12	11	11	12
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0	0	0	0	0	0
Cash and bank	50	7	43	35	27	35	44	30	23	18	25
Total current assets	68	17	51	46	37	49	53	42	35	30	38
Assets held for sale	0	0	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	**639**	**597**	**624**	**626**	**628**	**630**	**621**	**606**	**621**	**624**	**624**
Shareholders equity	347	326	368	377	375	381	381	378	379	381	385
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Minority interest	0	0	0	0	0	0	0	0	0	0	0
Total Equity	347	326	368	377	375	381	381	378	379	381	385
Deferred tax	0	0	0	0	0	0	0	0	0	0	0
Long term interest bearing debt	128	214	198	192	194	187	171	158	174	175	171
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	25	25	24	26	28	31	31	36	36	36	36
Non-current lease debt	0	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	153	238	222	217	222	219	203	194	210	211	207
Short-term provisions	1	2	2	2	1	2	2	1	1	1	1
Accounts payable	8	8	10	12	9	10	10	11	12	12	13
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	11	2	6	1	3	2	10	8	6	6	7
Short term interest bearing debt	118	22	16	16	17	16	16	14	13	12	11
Total current liabilities	139	33	34	31	30	30	37	35	32	32	32
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**639**	**597**	**624**	**626**	**628**	**630**	**621**	**606**	**621**	**624**	**624**
Balance sheet and debt metrics											
Net debt	196	229	171	173	185	168	143	142	163	168	156
of which lease debt	0	0	0	0	0	0	0	0	0	0	0
Working capital	-2	0	-8	-2	-1	2	-11	-7	-7	-7	-7
Invested capital	569	581	565	577	589	582	557	557	579	587	579
Capital employed	593	561	581	585	587	584	568	549	565	568	567
ROE	11.5%	8.0%	7.0%	11.9%	7.6%	6.8%	6.5%	4.1%	5.4%	5.7%	6.2%
ROIC	7.6%	6.0%	7.8%	7.8%	5.2%	4.4%	4.6%	3.8%	4.7%	4.9%	5.3%
ROCE	8.6%	7.0%	9.1%	8.9%	6.1%	5.1%	5.4%	4.6%	5.6%	5.9%	6.3%
Net debt/EBITDA	4.0	3.4	2.3	2.3	3.1	3.1	2.5	2.8	2.9	2.9	2.5
Interest coverage	82.5	20.8	26.0	29.5	20.9	21.7	15.4	3.5	4.0	3.7	3.9
Equity ratio	54.3%	54.6%	59.0%	60.3%	59.8%	60.5%	61.3%	62.3%	61.0%	61.1%	61.8%
Net gearing	56.5%	70.2%	46.5%	45.8%	49.3%	44.2%	37.5%	37.5%	43.1%	44.2%	40.5%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT											
EURm	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**	**2026E**
EBITDA (adj) for associates	**49**	**67**	**74**	**75**	**60**	**55**	**56**	**50**	**55**	**59**	**62**
Paid taxes	-8	-21	-21	-11	-5	-3	-4	-3	-3	-3	-3
Net financials	-2	-2	-2	0	0	0	-1	-6	-8	-9	-9
Change in provisions	0	0	0	0	-1	0	0	-1	0	0	0
Change in other LT non-IB	0	0	0	1	3	3	1	5	0	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	9	-3	4	-1	-7	-4	1	0	0	0	0
Funds from operations (FFO)	**49**	**41**	**55**	**63**	**50**	**50**	**52**	**44**	**45**	**47**	**50**
Change in NWC	0	0	0	n.a.	0	0	0	0	0	0	0
Cash flow from operations (CFO)	**49**	**41**	**55**	**63**	**50**	**50**	**52**	**44**	**44**	**47**	**50**
Capital expenditure	-39	-25	-12	-28	-30	-12	0	-17	-47	-34	-18
Free cash flow before A&D	**10**	**16**	**43**	**35**	**19**	**38**	**52**	**27**	**-2**	**14**	**32**
Proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	0	0	0	0	0	0	0	0	0	0	0
Free cash flow	10	16	43	35	19	38	52	27	-2	14	32
Free cash flow bef A&D, lease adj	10	16	43	35	19	38	52	27	-2	14	32
Dividends paid	-35	-48	-105	-35	-30	-20	-25	-19	-19	-19	-19
Equity issues / buybacks	0	0	120	0	0	0	0	0	0	0	0
Net change in debt	49	-10	-22	-8	2	-10	-17	-16	15	0	-5
Other financing adjustments	0	0	0	0	0	0	0	0	0	0	0
Other non-cash adjustments	0	0	0	0	0	0	0	-7	0	0	0
Change in cash	24	-43	36	-7	-9	8	10	-15	-6	-5	7
Cash flow metrics											
Capex/D&A	n.m.	96.3%	55.2%	n.m.	n.m.	49.2%	0.5%	67.7%	n.m.	n.m.	69.3%
Capex/Sales	37.6%	21.0%	9.4%	21.6%	28.0%	11.1%	0.1%	14.7%	38.3%	26.4%	13.7%
Key information											
Share price year end (/current)	n.a.	n.a.	2	2	2	2	1	1	1	1	1
Market cap.	n.a.	n.a.	537	522	473	489	375	297	297	297	297
Enterprise value	n.a.	n.a.	708	695	658	657	518	438	460	466	453
Diluted no. of shares, year-end (m)	263.0	263.0	263.0	263.0	263.0	263.0	263.0	263.0	263.0	263.0	263.0

Source: Company data and Nordea estimates

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