

Tallinna Sadam

Business Services
Estonia

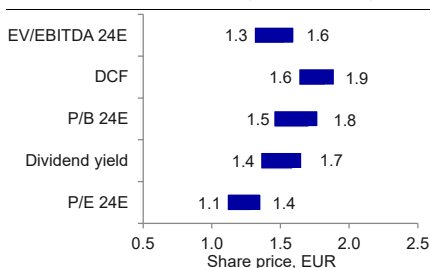
KEY DATA

Stock country	Estonia
Bloomberg	TSM1T.ET
Reuters	TSM1T.TL
Share price (close)	EUR 1.08
Free float	33%
Market cap. (bn)	EUR 0.28/EUR 0.28
Website	www.ts.ee
Next report date	11 Nov 2024

PERFORMANCE



VALUATION APPROACH (EUR/SHARE)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	1%	0%	0%
EBIT (adj)	-1%	2%	2%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Pasi Väisänen
Director

Growth projects progressing well

Net sales came in 4% above our forecast, while adjusted EBITDA was 1% below our expectation for Q2. The revenue growth surprise came from high utilisation ratios for MPSV Botnica in Q2. The construction project for an offshore windfarms base harbour in Paldiski is progressing well and wind power developers have already shown interest in the bay. Moreover, we believe the launch of a property development project in Old City Harbour could happen in this year. Our estimated fair value range is EUR 1.4-1.7. Our valuation approach for Tallinna Sadam is based on a combination of our DCF model and a peer group comparison. Tallinna Sadam is trading at a 2024E P/BV of 0.7x, compared to the historical average of 1.2x (2018-23) and the peer group average of 1.3x.

Adjusted EBITDA margin was 47% in Q2

Group net sales came in at EUR 31.7m in Q2 (our estimate: EUR 30.4m) while adjusted EBITDA was EUR 14.9m (our estimate: EUR 15.1m). The Passenger Harbours and Ferry segments were close to our expectations in Q2. The Cargo Harbours segment was a bit weaker than we forecasted but the Other segment was clearly above our expectations. The number of passengers and cargo tonnes were about the same in Q2 y/y but operating expenses declined by 6%. Tallinna Sadam did not issue a detailed full-year guidance, but we forecast that net sales will be up by 4% y/y and adjusted EBITDA margin to be 45% for 2024.

The equity story is related to several growth projects

The revenue growth outlook in the medium term looks promising, due to the new quay at Paldiski, a possible service vessel and property development projects. One near-term risk for Paldiski harbour could be postponed offshore wind power projects in the Baltic Sea. Property development projects are also dependent on the overall market situation and demand for more square metres in the city centre.

2024E P/BV is 48% below the peer group median

We forecast investments of EUR 47m in 2024 and EUR 33m in 2025. Annual free cash flow could be above EUR 30m after the investment phase. When there is a credible pathway for EBITDA improvement, the government of Estonia could reduce its ownership in Tallinna Sadam by 16pp (EUR 45m). Its valuation does not seem challenging, but a stronger FCF and growth story are needed for a rerating of valuation multiples, we argue.

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	107	110	122	117	121	125	130
EBITDA (adj)	60	55	56	50	55	58	61
EBIT (adj)	36	30	31	25	30	33	35
EBIT (adj) margin	33.1%	27.0%	25.3%	21.1%	25.0%	26.2%	27.0%
EPS (adj, EUR)	0.11	0.10	0.09	0.06	0.07	0.08	0.09
EPS (adj) growth	-35.8%	-10.2%	-3.2%	-37.7%	25.8%	6.1%	10.5%
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	3.6	3.5	3.3
EV/EBIT (adj)	18.5	22.1	16.8	17.8	14.5	13.3	12.1
P/E (adj)	16.6	19.1	15.1	19.2	14.6	13.8	12.5
P/BV	1.3	1.3	1.0	0.8	0.7	0.7	0.7
Dividend yield (ord)	4.3%	5.2%	5.1%	6.5%	6.8%	6.5%	7.2%
FCF Yield bef A&D, lease	4.1%	7.8%	13.9%	9.0%	1.8%	8.1%	10.9%
Net debt	185	168	143	142	156	152	139
Net debt/EBITDA	3.1	3.1	2.5	2.8	2.8	2.6	2.3
ROIC after tax	5.2%	4.4%	4.6%	3.8%	4.6%	4.8%	5.1%

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 24	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	10.0	11.3	9.3
Sales growth (%)	21%	88%	34%	-3%	33%	-7%	-17%	8%	-6%	0%	5%	6%
Adj. EBIT (EURm)	0.6	4.5	5.6	0.2	1.2	3.9	4.3	2.4	1.5	3.8	4.5	2.5
Adj. EBIT margin (%)	10%	42%	43%	3%	15%	39%	40%	28%	20%	38%	40%	27%
Cargo harbours												
Sales (EURm)	9.7	9.9	9.4	9.9	7.9	7.7	7.2	8.0	7.8	7.5	7.6	8.3
Sales growth (%)	1%	0%	-14%	-5%	-18%	-22%	-23%	-19%	-2%	-3%	6%	4%
Adj. EBIT (EURm)	3.1	3.0	1.5	0.9	1.2	1.1	0.5	0.3	1.6	1.0	0.5	0.5
Adj. EBIT margin (%)	32%	31%	16%	9%	16%	15%	7%	4%	21%	13%	7%	6%
Ferry segment												
Sales (EURm)	7.4	8.8	10.2	8.3	8.4	9.4	10.4	8.5	8.6	9.6	10.7	8.8
Sales growth (%)	9%	13%	18%	12%	13%	7%	2%	2%	2%	2%	4%	4%
Adj. EBIT (EURm)	1.8	2.5	3.0	1.6	2.4	2.7	3.1	1.5	2.0	2.7	3.4	1.9
Adj. EBIT margin (%)	24%	28%	30%	20%	28%	29%	30%	18%	23%	28%	31%	21%
Other												
Sales (EURm)	3.7	1.0	3.8	1.9	4.0	1.7	3.1	2.8	4.1	4.6	2.7	2.9
Sales growth (%)	2%	4%	22%	-17%	10%	76%	-17%	48%	2%	171%	-15%	3%
Adj. EBIT (EURm)	1.8	-0.8	1.8	-0.1	2.0	-2.0	-0.5	0.4	1.9	1.3	0.4	0.7
Adj. EBIT margin (%)	48%	-88%	47%	-6%	49%	-116%	-15%	15%	45%	28%	17%	23%
Group												
Sales (EURm)	26.8	30.4	36.3	28.2	28.4	28.8	31.4	28.0	27.9	31.7	32.3	29.3
Sales growth (%)	7%	25%	13%	-1%	6%	-5%	-13%	-1%	-2%	10%	3%	4%
Adj. EBITDA (EURm)	13.5	15.4	18.0	9.0	13.6	11.7	13.5	10.4	12.7	14.8	14.9	11.6
Adj. EBITDA margin (%)	50%	51%	50%	32%	48%	41%	43%	37%	46%	47%	46%	40%
Adj. EBIT (EURm)	7.2	9.1	11.8	2.6	6.8	5.8	7.4	4.6	7.0	8.9	8.8	5.6
Adj. EBIT margin (%)	27%	30%	33%	9%	24%	20%	24%	17%	25%	28%	27%	19%
Net financials	-0.3	-0.3	-0.4	-0.9	-1.1	-1.5	-1.7	-1.8	-1.8	-1.9	-2.0	-2.1
PTP	7.0	8.8	11.5	1.7	5.7	4.3	5.7	2.8	5.2	7.0	6.8	3.5
Net result adj.	7.0	4.7	11.5	1.8	5.7	1.4	5.7	2.8	5.2	3.9	6.8	3.5
Net result	7.0	4.7	11.5	1.8	5.7	1.4	5.7	2.8	5.2	3.9	6.8	3.5
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	0.01
EPS (EUR)	0.03	0.02	0.04	0.01	0.02	0.01	0.02	0.01	0.02	0.01	0.03	0.01

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	38.1	39.8
Sales growth (%)		0%	0%	-62%	51%	32%	-1%	1%	4%
Adj. EBIT (EURm)	28.8	26.4	26.4	-0.5	6.7	10.9	11.8	12.3	13.2
Adj. EBIT margin (%)	58%	53%	53%	-3%	23%	29%	31%	32%	33%
Cargo harbours									
Sales (EURm)	39.8	41.7	40.1	38.5	40.7	38.8	30.8	31.2	32.7
Sales growth (%)		5%	-4%	-4%	6%	-5%	-21%	1%	5%
Adj. EBIT (EURm)	15.1	15.5	14.2	11.1	13.6	8.4	3.2	3.7	4.2
Adj. EBIT margin (%)	38%	37%	35%	29%	33%	22%	10%	12%	13%
Ferry segment									
Sales (EURm)	27.1	30.1	30.8	29.4	30.7	34.8	36.7	37.7	39.0
Sales growth (%)		11%	2%	-5%	4%	13%	6%	3%	3%
Adj. EBIT (EURm)	3.5	7.4	8.3	8.1	6.6	8.9	9.7	10.0	10.7
Adj. EBIT margin (%)	13%	25%	27%	28%	21%	26%	27%	26%	28%
Other									
Sales (EURm)	4.6	8.9	9.8	9.5	9.9	10.3	11.7	14.3	13.9
Sales growth (%)		95%	9%	-3%	5%	4%	13%	22%	-2%
Adj. EBIT (EURm)	-7.1	2.3	2.9	1.9	2.9	2.6	-0.1	4.2	4.7
Adj. EBIT margin (%)	-154%	25%	29%	20%	29%	25%	-1%	30%	34%
Group									
Sales (EURm)	121.3	130.6	130.5	107.4	110.1	121.7	116.6	121.2	125.4
Sales growth (%)		8%	0%	-18%	3%	11%	-4%	4%	3%
Adj. EBITDA (EURm)	66.7	74.4	74.7	59.7	54.5	56.1	50.0	54.8	58.3
Adj. EBITDA margin (%)	55%	57%	57%	56%	50%	46%	43%	45%	46%
Adj. EBIT (EURm)	40.3	52.1	51.7	35.6	29.8	30.8	24.6	30.3	32.8
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	-7.8	-9.1
PTP	38.7	50.6	50.2	33.4	28.9	29.0	18.4	22.6	23.8
Net result adj.	26.8	24.4	44.4	28.5	25.6	24.8	15.4	19.4	20.6
Net result	26.8	24.4	44.4	28.5	25.6	24.8	15.4	19.4	20.6
EPS adj. (EUR)	0.10	0.11	0.17	0.11	0.10	0.09	0.06	0.07	0.08
EPS (EUR)	0.10	0.11	0.17	0.11	0.10	0.09	0.06	0.07	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	5 002	5 139	9%	1%	10%	3%	37%	28%	23%	24%
Hamburger Hafen und Logistik	1 578	1 447	1 619	1 700	8%	-8%	9%	5%	13%	9%	12%	13%
Adani Ports	2 038	2 341	2 969	3 342	36%	22%	28%	16%	48%	44%	47%	47%
China Merchants Port Holdings	1 501	1 332	1 442	1 504	6%	-8%	2%	4%	36%	40%	36%	36%
Qube Holdings	1 635	1 749	2 033	2 146	27%	15%	10%	7%	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	4 235	4 768	41%	112%	40%	13%	30%	18%	16%	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	484	537	11%	11%	16%	11%	26%	25%	29%	30%
Wilson Sons Holdings Brasil	402	453	491	530	6%	7%	13%	8%	26%	28%	29%	30%
Dalrymple Bay Infrastructure	399	404	406	417	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	493	564	26%	11%	39%	14%	29%	35%	42%	44%
Westshore Terminals Investment	201	261	240	239	-14%	30%	-2%	0%	39%	45%	37%	37%
Saudi Industrial Services	247	387	274	289	1%	61%	5%	6%	26%	34%	13%	15%
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	110	117	1%	23%	8%	10%	39%	42%	44%	48%
Namyong Terminal	39	46	44	45	9%	20%	1%	2%	27%	33%	38%	n.a.
Group median					11%	11%	10%	6%	26%	28%	29%	30%
Tallinna Sadam (Nordea)	122	117	121	125	11%	-4%	4%	3%	25%	21%	25%	26%
diff. from median (pp)					0	-15	-6	-3	-1	-7	-4	-4

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	15.7	13.4	6.5	16.3	10.9	9.6	1.7	1.6	1.4	1.4
Adani Ports	34.2	25.7	33.8	30.1	27.7	19.6	28.0	25.9	7.8	7.2	6.1	5.1
China Merchants Port	5.7	6.9	7.5	7.1	20.9	20.7	19.7	18.9	0.4	0.4	0.4	0.4
Qube Holdings	45.1	35.2	52.3	35.6	11.0	11.3	26.3	21.0	1.2	1.1	1.8	1.8
COSCO SHIPPING Ports	8.7	7.7	6.4	6.1	25.2	24.9	21.9	20.6	0.3	0.4	0.2	0.2
Abu Dhabi Ports Company	n.a.	30.3	20.9	15.1	24.6	29.8	16.7	13.7	n.a.	1.2	1.1	1.0
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	25.3	24.8	31.7	26.1	26.1	24.0	2.2	2.2	2.2	2.1
Wilson Sons Holdings Brasil	13.1	18.6	16.2	14.2	9.4	12.5	11.3	10.3	0.6	n.a.	n.a.	n.a.
Dalrymple Bay Infrastructure	17.5	18.0	22.4	20.2	12.5	12.2	12.8	12.3	1.3	1.3	2.2	3.3
Isewan Terminal Service	17.2	11.0	6.8	6.7	14.1	11.1	7.5	7.2	1.1	1.1	1.0	1.0
Santos Brasil Participacoes	14.8	15.9	16.8	14.4	12.7	12.3	11.5	9.5	5.8	5.6	5.6	6.8
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	15.9	15.1	14.9	11.1	13.5	13.3	2.1	2.0	0.0	0.0
Alexandria Container and Cargo	5.5	7.7	14.5	10.0	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	31.7	n.a.	n.a.	1.0	1.1	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	30.0	25.5	10.1	12.2	20.2	19.7	5.2	5.1	5.2	5.4
Namyong Terminal	n.a.	8.1	8.1	6.9	6.8	7.5	6.1	5.3	0.7	0.9	n.a.	n.a.
Sakurajima Futo Kaisha	7.2	8.6	10.1	10.5	15.7	13.3	18.5	17.3	1.2	1.1	0.9	0.8
Group median	16.0	15.2	15.9	14.3	14.1	12.3	15.1	13.7	1.2	1.1	1.3	1.4
Tallinna Sadam (Nordea)	15.1	19.2	14.4	13.5	16.8	17.8	13.7	12.0	1.0	0.8	0.7	0.6
diff. from average	-6%	26%	-10%	-5%	19%	45%	-9%	-13%	-17%	-29%	-48%	-56%

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	121	125	130
Revenue growth	10.0%	17.5%	7.7%	-0.1%	-17.8%	2.5%	10.6%	-4.2%	3.9%	3.4%	3.5%
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	58	61
Depreciation and impairments PPE	0	-26	-22	-23	-24	-25	-25	-25	-24	-25	-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	30	33	35
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	49	40	52	52	36	30	31	25	30	33	35
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	24	26
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	19	21	23
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	19	21	23
EPS, EUR	0.15	0.10	0.11	0.17	0.11	0.10	0.09	0.06	0.07	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%	45.2%	46.5%	46.9%
EBITA	47.4%	33.2%	39.9%	39.6%	33.1%	27.0%	25.3%	21.1%	25.0%	26.2%	27.0%
EBIT	47.4%	33.2%	39.9%	39.6%	33.1%	27.0%	25.3%	21.1%	25.0%	26.2%	27.0%

Adjusted earnings

EBITDA (adj)	49	67	74	75	60	55	56	50	55	58	61
EBITA (adj)	49	40	52	52	36	30	31	25	30	33	35
EBIT (adj)	49	40	52	52	36	30	31	25	30	33	35
EPS (adj, EUR)	0.15	0.10	0.11	0.17	0.11	0.10	0.09	0.06	0.07	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%	45.2%	46.5%	46.9%
EBITA (adj)	47.4%	33.2%	39.9%	39.6%	33.1%	27.0%	25.3%	21.1%	25.0%	26.2%	27.0%
EBIT (adj)	47.4%	33.2%	39.9%	39.6%	33.1%	27.0%	25.3%	21.1%	25.0%	26.2%	27.0%

Performance metrics

CAGR last 5 years											
Net revenue	3.0%	6.5%	4.8%	3.1%	2.7%	1.3%	0.1%	-2.2%	-1.5%	3.2%	3.4%
EBITDA	2.7%	11.1%	8.3%	7.1%	8.1%	2.2%	-3.4%	-7.6%	-6.0%	-0.5%	2.2%
EBIT	2.7%	0.4%	0.9%	-0.5%	-2.5%	-9.5%	-5.2%	-13.9%	-10.1%	-1.6%	3.3%
EPS	1.1%	-2.6%	-6.7%	2.7%	-1.5%	-8.3%	-1.5%	-11.3%	-15.2%	-6.3%	-2.3%
DPS	0.7%	19.1%	46.7%	0.4%	-1.6%	0.7%	-10.7%	-30.8%	-8.7%	-1.7%	-4.3%
Average last 5 years											
Average EBIT margin	46.2%	43.5%	41.8%	40.3%	38.5%	34.9%	33.3%	29.4%	26.2%	24.9%	25.0%
Average EBITDA margin	46.2%	48.5%	50.5%	52.7%	54.7%	55.0%	53.2%	50.3%	47.7%	46.0%	45.5%

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	14.6	13.8	12.5
EV/EBITDA (adj)	n.a.	n.a.	9.5	9.3	11.0	12.1	9.2	8.8	8.0	7.5	7.0
EV/EBITA (adj)	n.a.	n.a.	13.6	13.4	18.5	22.1	16.8	17.8	14.5	13.3	12.1
EV/EBIT (adj)	n.a.	n.a.	13.6	13.4	18.5	22.1	16.8	17.8	14.5	13.3	12.1

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	14.6	13.8	12.5
EV/Sales	n.a.	n.a.	5.42	5.32	6.13	5.97	4.25	3.76	3.63	3.48	3.26
EV/EBITDA	n.a.	n.a.	9.5	9.3	11.0	12.1	9.2	8.8	8.0	7.5	7.0
EV/EBITA	n.a.	n.a.	13.6	13.4	18.5	22.1	16.8	17.8	14.5	13.3	12.1
EV/EBIT	n.a.	n.a.	13.6	13.4	18.5	22.1	16.8	17.8	14.5	13.3	12.1
Dividend yield (ord.)	n.a.	n.a.	22.5%	5.8%	4.3%	5.2%	5.1%	6.5%	6.8%	6.5%	7.2%
FCF yield	n.a.	n.a.	8.0%	6.7%	4.1%	7.8%	13.9%	9.0%	1.8%	8.1%	10.9%
FCF Yield bef A&D, lease adj	n.a.	n.a.	8.0%	6.7%	4.1%	7.8%	13.9%	9.0%	1.8%	8.1%	10.9%
Payout ratio	62.3%	126.2%	430.6%	68.0%	71.0%	99.6%	77.4%	124.3%	98.8%	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	581
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	13	13	14
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	31	34	42
Total current assets	68	17	51	46	37	49	53	42	44	48	56
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	630	642	642
Shareholders equity	347	326	368	377	375	381	381	378	388	399	404
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	388	399	404
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	171	172	168
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	207	208	204
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	16	15	14
Total current liabilities	139	33	34	31	30	30	37	35	35	35	35
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	630	642	642
Balance sheet and debt metrics											
Net debt	196	229	171	173	185	168	143	142	156	152	139
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	-5	-5	-5
Invested capital	569	581	565	577	589	582	557	557	581	589	581
Capital employed	593	561	581	585	587	584	568	549	574	586	585
ROE	11.5%	8.0%	7.0%	11.9%	7.6%	6.8%	6.5%	4.1%	5.1%	5.2%	5.7%
ROIC	7.6%	6.0%	7.8%	7.8%	5.2%	4.4%	4.6%	3.8%	4.6%	4.8%	5.1%
ROCE	8.6%	7.0%	9.1%	8.9%	6.1%	5.1%	5.4%	4.6%	5.4%	5.7%	6.0%
Net debt/EBITDA	4.0	3.4	2.3	2.3	3.1	3.1	2.5	2.8	2.8	2.6	2.3
Interest coverage	82.5	20.8	26.0	29.5	20.9	21.7	15.4	3.5	3.9	3.6	3.7
Equity ratio	54.3%	54.6%	59.0%	60.3%	59.8%	60.5%	61.3%	62.3%	61.6%	62.2%	62.9%
Net gearing	56.5%	70.2%	46.5%	45.8%	49.3%	44.2%	37.5%	37.5%	40.2%	38.1%	34.6%

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	58	61
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	10	10	0
Funds from operations (FFO)	49	41	55	63	50	50	52	44	54	56	49
Change in NWC	0	0	0	n.a.	0	0	0	0	-2	0	0
Cash flow from operations (CFO)	49	41	55	63	50	50	52	44	52	56	49
Capital expenditure	-39	-25	-12	-28	-30	-12	0	-17	-47	-33	-18
Free cash flow before A&D	10	16	43	35	19	38	52	27	5	23	31
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	5	23	31
Free cash flow bef A&D, lease adj	10	16	43	35	19	38	52	27	5	23	31
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	1	4	8
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.	68.7%
Capex/Sales	37.6%	21.0%	9.4%	21.6%	28.0%	11.1%	0.1%	14.7%	38.4%	26.6%	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	284	284	284
Enterprise value	n.a.	n.a.	708	695	658	657	518	438	440	436	424
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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