

Fodelia

Post-results report Q3 2024

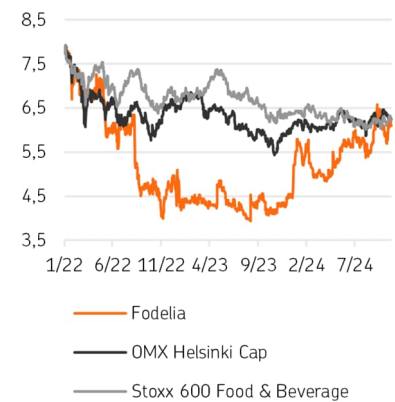


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Operational performance is still positive

- The key lines of Fodelia's Q3 results matched expectations. Feelia is progressing steadily on a growth trajectory, and the Oikia segment's profitability is improving at a good pace. The company has made several strategically important changes this year the most notable of which are the divestment of Perniön Liha, brand changes in the Oikia segment and Marjvasu's merger with Feelia. Some of the earnings impacts of the changes will not fully be materialised before 2025, and therefore, it is difficult to estimate them to full extent at this point. However, we believe that the strategic changes are taking the investment case in the right direction. We reiterate our Accumulate recommendation for Fodelia and our target price remains at EUR 6.50.
- **Q3:** Fodelia's sales increased nearly 6% YoY amounting to EUR 12.9m. Sales growth was 18.0% in continuing operations. As usual, growth was driven by Feelia, whose net sales as a whole increased by 30% and external net sales increased by 36%. The Oikia segment's comparable sales decreased 8%. Adjusted EBIT (EUR 1.0m) was in line with our forecast. Feelia's earnings fell slightly short of our expectation, but the Oikia segment's earnings were more solid than we had projected. EBIT included nearly EUR 0.3m related to the costs of the long-term incentive scheme, which means that the underlying business performance was in fact more positive than the reported performance.
- **Guidance and outlook:** Fodelia repeated its guidance and estimates that its net sales will be EUR 50–54m in 2024 and that its adjusted EBIT margin will improve from the previous year. The reported figures in Q4 will be burdened by non-recurring costs related to Marjvasu's production transfer and merger. We identify potential related to the merger with Feelia both in terms of cost savings and growth. Feelia has a solid growth outlook, and the financial challenges of wellbeing services counties could increasingly create growth opportunities also in the public sector. The performance of the online store is still a concern in the Oikia segment, as sales continue to decrease although at a slower pace. The trend has continued to be positive in the Snacks business, which supports the segment's outlook.
- **Accumulate, target price EUR 6.50:** Our target price is based on our DCF model and an EV/EBIT multiple of 13x which we apply to our forecasts for 2025.

Recommendation	ACCUMULATE
	Unchanged
Target price (€)	6,50
	Unchanged
Price (€)*	6,10
High (12m)	6,80
Low (12m)	4,06
Market cap (M€)	50
Index weight	-
Beta	0,79
Ticker	FODELIA
Next report date	7.2.2025
Performance	1m 3m 12m
Price (€)	6,14 5,78 4,16
Price change	-0,7 % 5,5 % 46,6 %
Total return	-0,7 % 5,5 % 48,9 %



Source: OP Markets, Bloomberg, *) as of 23.10.

Fodelia						
EURm	2021	2022	2023	2024e	2025e	2026e
Sales	33.8	41.6	49.0	53.2	57.2	64.6
Sales growth (%)	47%	23%	18%	9%	8%	13%
EBITA	1.7	1.5	3.0	3.6	4.5	5.3
EBITA margin	5.0 %	3.5 %	6.1 %	6.7 %	7.8 %	8.2 %
Adjusted EBIT	1.4	0.7	2.5	3.2	4.1	4.9
Adjusted EBIT margin	4.1 %	1.7 %	5.1 %	6.0 %	7.1 %	7.6 %
PTP	9.2	8.3	6.7	7.2	9.1	10.7
EPS	0.09	0.00	0.15	0.07	0.38	0.46
DPS	0.04	0.06	0.08	0.10	0.14	0.16
Yield (%)	0.5 %	1.4 %	1.4 %	1.6 %	2.3 %	2.6 %
EV/Sales	2.0	1.0	1.1	1.0	0.9	0.8
EV/EBITDA	26.4	14.0	11.3	6.7	8.1	6.7
EV/EBIT	49.9	36.2	20.5	16.5	12.7	10.3
P/E	86.0	-	37.1	92.7	16.2	13.1
P/B	581%	2.7	3.3	3.5	3.0	2.6
Equity Ratio	37%	47%	50%	54%	57%	61%

Source: OP Markets



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Investment case

- **Feelia’s growth potential:** Feelia accounts for a sizeable proportion of Fodelia’s earnings and share value. Feelia’s growth outlook is solid thanks to its unique product and service concepts which offer cost-efficient solutions to operators in the foodservice market. The company estimates that Feelia’s most relevant target market in Finland is worth around EUR 1.6bn.
- **Cost savings in public food supply:** Cost pressures in public finances are forcing players to look for cost-effective solutions to food supply and we estimate that the market will open up more clearly to private players.
- **Oikia segment’s earnings improvement:** Oikia segment’s profitability is low and Fodelia has taken measures to strengthen its earnings. Successful measures would strengthen the company’s cash flow and create potential for growth investments.
- **Favourable megatrends:** Key megatrends in the food sector include responsibility, reducing food waste, localness and easy eating, which are also an essential part of Fodelia’s business.

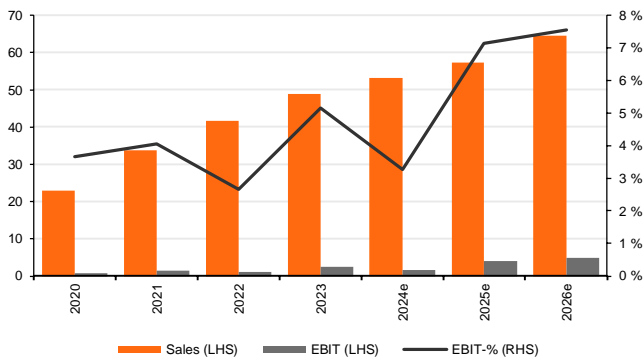
Drivers

- **Feelia’s cost-efficient solutions:** Feelia’s products have a long shelf life and they are easy to prepare, which helps customers reduce food waste and the need for personnel, which in turn creates a significant competitive advantage in particular in institutional kitchens.
- **School, daycare centre and care home market:** Feelia’s focus has increasingly shifted to schools and the daycare centre and care home market where the company still has potential to grow significantly both in the public and private sector.
- **M&A transactions:** Fodelia has potential to create value through acquisitions that supplement in particular Feelia’s offering or divestments of underperforming businesses.

Risks

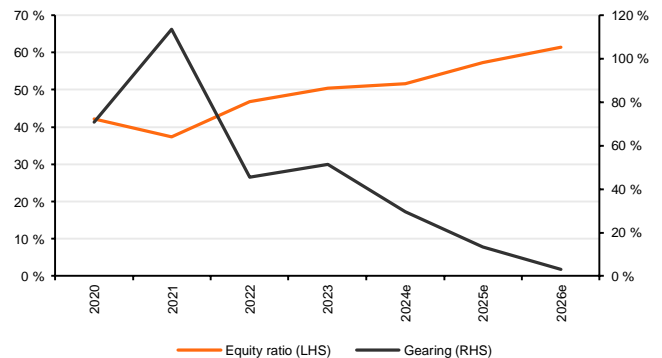
- **Increasing competition for Feelia:** Fodelia’s growth would slow down due to intensified competition in Feelia’s key market and the launch of similar product and service concepts to the market. This would put pressure on Fodelia’s profitability and valuation multiples.
- **Failure to improve Fodelia Retail’s earnings:** Fodelia Retail’s profitability has been low and failure to achieve an earnings improvement would further increase Feelia’s weight.
- **Rising raw material prices:** Fodelia buys raw materials from producers and the price rise of raw materials could cause notable fluctuation in profitability in the short term.

Annual sales and EBIT



Source: OP Markets

Equity ratio and gearing



Source: OP Markets

The key lines of Q3 results were in line with expectations

Fodelia: Actual vs. estimates

EURm	Actual	Estimates	Actual vs. estimates	Comp. period	
	Q3/24	OP	OP	Q3/23	y/y
Sales					
Feelia	8.6	8.5	1%	6.6	30%
Oikia*	3.5	3.5	1%	5.1	-31%
Other units	1.2	1.2	-2%	1.1	8%
Eliminations	-0.4	-0.4	5%	-0.6	33%
Sales total	12.9	12.8	1%	12.2	6%
EBITA					
Feelia	0.8	0.9	-10%	0.7	9%
Oikia*	0.3	0.2	83%	0.2	15%
Other units and eliminations	0.0	0.1	-23%	0.1	-70%
EBITA total	1.1	1.1	3%	1.1	3%
EBITA margin	8.8 %	8.6 %		9.0 %	
EBIT	1.0	1.0	4%	0.1	5.5 %
EBIT margin	8.1 %	7.9 %		8.1 %	
Adjusted EBIT	1.0	1.0	4%	1.0	5.5%
Adjusted EBIT margin	8.1 %	7.9 %		8.1 %	
EPS	0.09	0.09	3%	0.09	4%

Source: OP Markets

*Comparison period's figures include Perniön Liha

Forecast revisions 2024–2026

Fodelia - Forecast revisions

EURm	2024e			2025e			2026e		
	New	Old	Diff.	New	Old	Diff.	New	Old	Diff.
Sales									
Feelia	34.4	34.2	1%	40.7	40.1	2%	47.3	46.6	2%
Oikia	15.8	16.0	-2%	14.3	14.8	-3%	14.9	15.3	-3%
Other units	4.6	4.7	-1%	5.2	5.3	-1%	5.7	5.8	-1%
Eliminations	-1.6	-1.6	-1%	-3.0	-3.0	0%	-3.3	-3.3	0%
Sales total	53.2	53.2	0%	57.2	57.1	0%	64.6	64.4	0%
EBITA									
Feelia	3.2	3.3	-2%	3.8	3.9	-2%	4.6	4.7	-3%
Oikia	0.6	0.4	41%	0.6	0.4	34%	0.6	0.5	29%
Other units	-0.2	-0.1	141%	0.4	0.4	-13%	0.5	0.5	-1%
Eliminations	0.0	0.0	-118%	-0.3	-0.3	0%	-0.3	-0.3	0%
EBITA total	3.6	3.6	1%	4.5	4.5	0%	5.3	5.3	0%
EBITA margin	6.7 %	6.7 %		7.8 %	7.9 %		8.2 %	8.2 %	
EBIT	1.7	1.9	-8%	4.1	4.1	0%	4.9	4.9	0%
EBIT margin	3.3 %	3.6 %		7.1 %	7.2 %		7.6 %	7.6 %	
Adjusted EBIT	3.2	3.1	1%	4.1	4.1	0%	4.9	4.9	0%
Adjusted EBIT margin	6.0 %	5.9 %		7.1 %	7.2 %		7.6 %	7.6 %	
Net financials	-0.3	-0.3	-13%	-0.2	-0.3	-29%	-0.1	-0.2	-42%
PTP	1.4	1.6	-8%	3.8	3.8	2%	4.7	4.7	2%
Net profit	0.5	0.6	-15%	3.1	3.0	2%	3.8	3.7	2%
EPS - reported	0.07	0.08	-15%	0.38	0.37	2%	0.46	0.46	2%
DPS	0.10	0.12	-17%	0.14	0.16	-13%	0.16	0.18	-11%

Source: OP Markets

Target price EUR 6.50

Our valuation is based on the DCF model and the EV/EBIT valuation multiple 13x which we accept for the company and which we apply to our forecasts for 2025. The valuation multiple that we accept is based on Fodelia's growth and profitability profile as well as peer companies' valuation. Overall, Fodelia's growth and profitability profile is stronger than the peer group's average level, which is why we find that valuation higher than the group's average level is justified.

There are major differences in the profiles of Fodelia's businesses, but overall, the company has grown nicely historically and we expect that the growth will also continue in the future. Fodelia Group's profitability is good, and Feelia's profitability is already solid in relation to the average for the sector. We estimate that Feelia's profit contribution will continue to increase in the future, which will have a positive impact on share valuation. In that respect, we estimate that Feelia's performance is the key driver for the performance of Fodelia's valuation multiples.

Our target price is based on an EV/EBITA multiple of 13x and the DCF model

Fodelia - valuation				
EURm	EV/EBIT	Weight	Adjusted EBIT	EV
2025e	13x	100%	4.1	53.0
Net debt (2025e)				2.2
Value of share capital				50.9
EV/EBIT-based target price		50%		6.20
DCF model		50%		6.80
Target price				6.50

Source: OP Markets

Peer group

Fodelia - Peer group									
	MCAP	EV / Sales		EV / EBITDA		EV / EBIT		P/E	
		2024	2025	2024	2025	2024	2025	2024	2025
Apetit	86	0.5x	0.5x	5.6x	5.7x	10.4x	11.3x	13.0x	13.6x
Atria	295	0.3x	0.3x	5.0x	4.8x	10.1x	9.8x	9.1x	8.0x
HKFoods	72	0.3x	0.3x	6.1x	5.7x	14.3x	13.6x	--	29.3x
Raisio	350	1.3x	1.2x	8.8x	7.9x	12.2x	10.8x	16.9x	15.7x
Nestle	239,525	3.1x	3.0x	14.8x	14.9x	18.2x	18.7x	18.5x	18.5x
Orkla	8,573	1.8x	1.7x	12.0x	11.7x	16.4x	15.8x	16.0x	15.5x
Danone	43,736	1.9x	1.8x	11.1x	10.7x	14.7x	13.9x	18.3x	17.2x
Cloetta	637	1.1x	1.1x	8.1x	7.9x	10.9x	10.7x	16.2x	14.3x
Median		1.2x	1.2x	8.4x	7.9x	13.2x	12.4x	16.2x	15.6x
Average		1.3x	1.3x	8.9x	8.7x	13.4x	13.1x	15.4x	16.5x
Fodelia (OP)	51	1.0x	0.9x	6.7x	8.1x	16.5x	12.7x	92.7x	16.2x
Difference (vs. median)		-17%	-21%	-21%	3%	25%	2%	471%	4%

Source: OP Markets, Factset

Forecasts

Fodelia - Forecasts by quarter

EURm	1Q/23	2Q/23	3Q/23	4Q/23	1Q/24	2Q/24	3Q/24	4Q/24e	1Q/25e	2Q/25e	3Q/25e	4Q/25e
Sales												
Feelia	6.4	6.6	6.6	7.0	8.4	8.4	8.6	8.9	10.1	9.9	10.1	10.5
Oikia	5.2	5.7	5.1	4.8	4.5	4.4	3.5	3.4	3.4	3.9	3.6	3.4
Other units	1.0	1.0	1.1	1.1	1.2	1.0	1.2	1.2	1.3	1.2	1.4	1.3
Eliminations	-0.8	-0.7	-0.6	-0.4	-0.5	-0.3	-0.4	-0.4	-0.7	-0.8	-0.8	-0.7
Sales - total	11.7	12.5	12.2	12.5	13.7	13.5	12.9	13.1	14.2	14.2	14.3	14.6
Sales growth	28.7 %	21.4 %	12.1 %	10.6 %	16.6 %	7.9 %	5.6 %	4.8 %	3.7 %	4.9 %	10.6 %	11.8 %
EBITA												
Feelia	0.5	0.6	0.7	0.6	0.9	0.7	0.8	0.8	0.9	0.9	1.0	1.1
Oikia	-0.1	0.1	0.2	0.0	0.0	0.2	0.3	0.1	0.1	0.2	0.2	0.1
Other units	0.1	-0.1	0.1	0.1	0.0	-0.3	0.0	0.0	0.1	0.1	0.1	0.1
Eliminations	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1
EBITA - total	0.6	0.6	1.1	0.7	0.9	0.6	1.1	0.9	1.0	1.1	1.2	1.2
EBITA margin	4.9 %	5.1 %	9.0 %	5.2 %	6.7 %	4.5 %	8.8 %	7.1 %	6.9 %	7.4 %	8.6 %	8.3 %
EBIT	0.5	0.5	1.0	0.5	0.8	-0.8	1.0	0.6	0.9	1.0	1.1	1.1
EBIT margin	3.9 %	4.2 %	8.1 %	4.3 %	5.9 %	-5.5 %	8.1 %	4.9 %	6.2 %	6.7 %	7.9 %	7.7 %
Adjusted EBIT	0.5	0.5	1.0	0.5	0.8	0.5	1.0	0.8	0.9	1.0	1.1	1.1
Adjusted EBIT margin	3.9 %	4.2 %	8.1 %	4.3 %	5.9 %	3.7 %	8.1 %	6.4 %	6.2 %	6.7 %	7.9 %	7.7 %
Financials (net)	-0.1	-0.1	-0.1	-0.5	-0.1	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
PTP	0.3	0.4	0.9	0.0	0.7	-0.8	0.9	0.6	0.8	0.9	1.1	1.1
Taxes	-0.1	-0.1	-0.2	-0.1	-0.2	-0.4	-0.2	-0.1	-0.2	-0.2	-0.2	-0.2
Net profit	0.2	0.3	0.7	-0.1	0.6	-1.2	0.7	0.5	0.7	0.7	0.9	0.8
EPS - reported	0.03	0.04	0.09	-0.01	0.07	-0.15	0.09	0.06	0.08	0.09	0.11	0.10

Source: OP Markets

Fodelia - Forecasts by year

EURm	2021	2022	2023	2024e	2025e	2026e
Sales						
Feelia	18	23	27	34	41	47
Oikia	18	20	21	16	14	15
Other units	0	2	4	5	5	6
Eliminations	-3	-3	-2	-2	-3	-3
Sales - total	34	42	49	53	57	65
Sales growth	47%	23%	18%	9%	8%	13%
EBITA						
Feelia	1.8	2.0	2.5	3.2	3.8	4.6
Oikia	0.6	0.0	0.3	0.6	0.6	0.6
Other units	0.0	-0.5	0.3	-0.2	0.4	0.5
Eliminations	-0.6	-0.1	-0.1	0.0	-0.3	-0.3
EBITA - total	1.7	1.5	3.0	3.6	4.5	5.3
EBITA margin	5.0 %	3.5 %	6.1 %	6.7 %	7.8 %	8.2 %
EBIT	1.4	1.1	2.5	1.7	4.1	4.9
EBIT margin	4.1 %	2.7 %	5.1 %	3.3 %	7.1 %	7.6 %
Adjusted EBIT	1.4	0.7	2.5	3.2	4.1	4.9
Adjusted EBIT margin	4.1 %	1.7 %	5.1 %	6.0 %	7.1 %	7.6 %
Financials (net)	-0.4	-0.9	-0.8	-0.3	-0.2	-0.1
PTP	1.0	0.2	1.7	1.4	3.8	4.7
Taxes	-0.3	-0.2	-0.5	-0.9	-0.8	-0.9
Net profit	0.7	0.0	1.2	0.5	3.1	3.8
EPS - reported	0.09	0.00	0.15	0.07	0.38	0.46
DPS	0.04	0.06	0.08	0.10	0.14	0.16

Source: OP Markets

Income statement, balance sheet and cash flow

Fodelia - Income statement

EURm	2021	2022	2023	2024e	2025e	2026e
Sales	34	42	49	53	57	65
Growth	47%	23%	18%	9%	8%	13%
EBITDA	2.6	2.9	4.6	6.4	6.4	7.5
Margin	7.7 %	6.9 %	9.3 %	12.1 %	11.1 %	11.6 %
Depreciation and amortisation	1.2	1.8	2.1	4.7	2.3	2.6
EBITA	1.7	1.5	3.0	3.6	4.5	5.3
EBIT	1.4	1.1	2.5	1.7	4.1	4.9
Margin	4.1 %	2.7 %	5.1 %	3.3 %	7.1 %	7.6 %
Financials (net)	-0.4	-0.9	-0.8	-0.3	-0.2	-0.1
PTP	1.0	0.2	1.7	1.4	3.8	4.7
Taxes	-0.3	-0.2	-0.5	-0.9	-0.8	-0.9
Net profit	0.7	0.0	1.2	0.5	3.1	3.8
EPS - reported	0.09	0.00	0.15	0.07	0.38	0.46
DPS	0.04	0.06	0.08	0.10	0.14	0.16

Source: OP Markets

Fodelia - Balance sheet

EURm	2021	2022	2023	2024e	2025e	2026e
Assets:						
Goodwill	4.7	6.8	6.4	3.8	4.0	4.0
Other intangibles	1.2	1.6	2.2	2.0	2.2	2.2
Tangible assets	12.2	7.9	8.4	7.4	8.4	8.9
Investments	1.1	0.9	0.4	0.4	0.4	0.4
Inventory	2.8	3.8	3.7	3.9	4.3	4.9
Receivables	4.0	4.9	5.2	5.8	6.3	7.1
Short-term investments	0.0	0.0	0.0	1.0	0.0	0.0
Cash and bank	0.3	1.5	0.6	2.1	2.9	3.6
Total assets	26.4	27.5	26.7	26.3	28.5	31.0
Liabilities:						
Share capital	0.1	0.1	0.1	0.1	0.1	0.1
Other restricted share capital	9.0	12.3	12.3	12.3	12.3	12.3
Retained earnings	0.8	0.5	1.1	1.7	3.9	6.6
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders equity total	9.9	12.9	13.5	14.1	16.4	19.0
Provisions	0.0	0.0	0.0	0.0	0.0	0.0
LT interest bearing debt	7.0	4.2	4.0	3.3	2.8	2.3
LT non-interest bearing debt	0.4	0.4	0.0	0.0	0.0	0.0
Other long-term debt	0.0	0.0	0.0	0.0	0.0	0.0
ST interest bearing debt	4.5	3.2	3.5	2.7	2.3	1.9
ST non-interest bearing debt	4.6	6.9	5.8	6.3	7.0	7.8
Total liabilities	26.4	27.5	26.7	26.3	28.5	31.0

Source: OP Markets

Fodelia - Cash flow

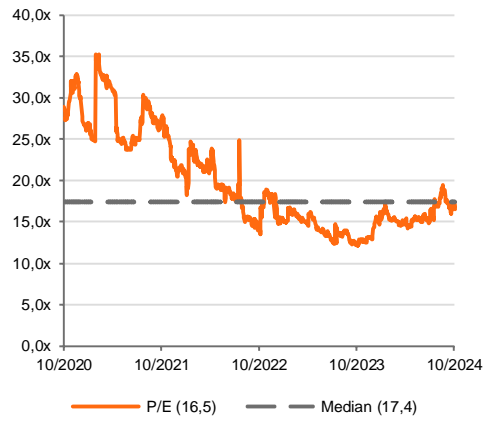
EURm	2021	2022	2023	2024e	2025e	2026e
EBIT	1.4	1.1	2.5	1.7	4.1	4.9
-Taxes	-0.3	-0.2	-0.5	-0.9	-0.8	-0.9
-Tax shield on interest exp.	-0.1	-0.9	-0.2	-0.1	0.0	0.0
+/- Other adjustments	0.0	0.0	-0.2	1.0	0.0	0.0
NOPLAT*	0.9	0.1	1.6	1.8	3.3	3.9
+Depreciation	1.2	1.2	1.2	1.2	1.2	1.2
Operating cash flow*	2.2	1.8	3.6	6.5	5.6	6.5
+Receivables	4.0	4.9	5.2	5.8	6.3	7.1
+Inventory	2.8	3.8	3.7	3.9	4.3	4.9
-ST non-interest bearing debt	-4.6	-6.9	-5.8	-6.3	-7.0	-7.8
Net working capital	2.2	1.8	3.1	3.5	3.6	4.2
Change in NWC from prev. year	1.1	-0.4	1.3	0.4	0.2	0.6
-Gross investments	6.1	2.1	2.2	2.6	2.6	2.9
Free cash flow	-5.0	0.1	0.1	3.5	2.8	3.0

Source: OP Markets

Historical valuation multiples

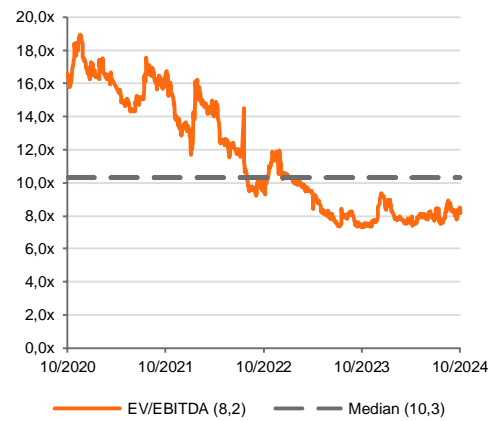
Historical valuation metrics (12m forward)

Fodelia - P/E



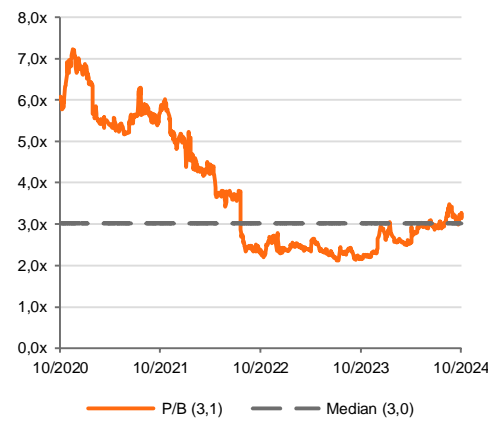
Source: Factset, OP Markets

Fodelia - EV/EBITDA



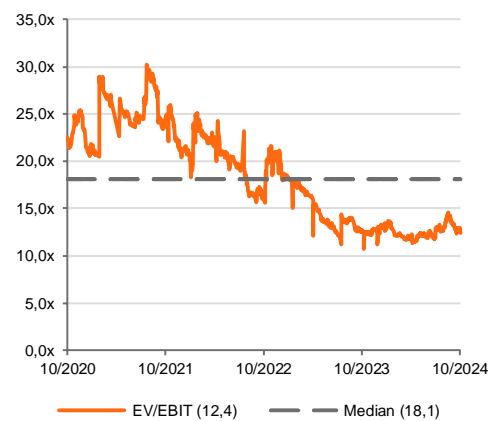
Source: Factset, OP Markets

Fodelia - P/B



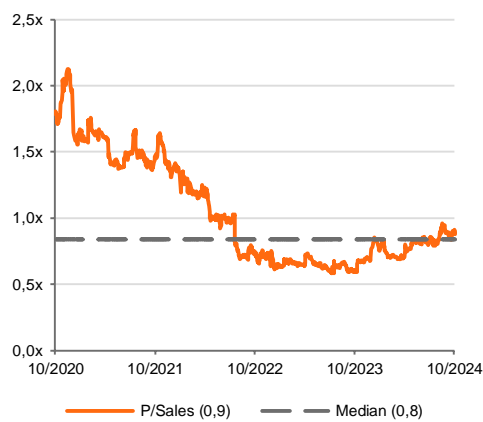
Source: Factset, OP Markets

Fodelia - EV/EBIT



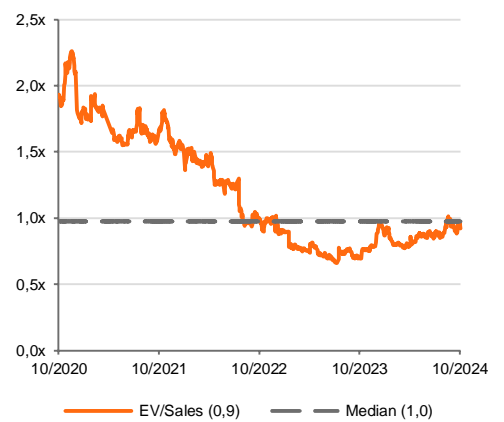
Source: Factset, OP Markets

Fodelia - P/S



Source: Factset, OP Markets

Fodelia - EV/Sales



Source: Factset, OP Markets

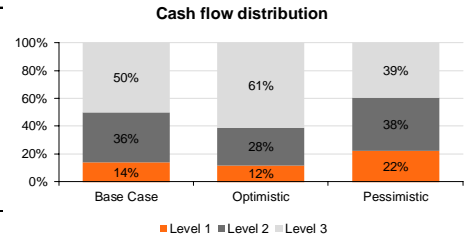
Discounted cash flow model

Fodelia

Cash flow projections

EURm	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenues	53	57	65	70	75	79	83	86	90	93	95
Revenue growth	8.6 %	7.7 %	12.8 %	8.0 %	7.0 %	6.0 %	5.0 %	4.0 %	4.0 %	4.0 %	2.0 %
EBIT	3	4	5	5	6	6	7	7	7	7	6
EBIT margin	6.0 %	7.1 %	7.6 %	7.7 %	7.9 %	8.0 %	8.0 %	8.0 %	7.5 %	7.0 %	6.5 %
Gross Investments	3	3	3	3	3	3	3	3	4	4	4
Gross inv./depreciation	0.5	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Free cash flow	4	3	3	3	5	5	5	5	6	5	5

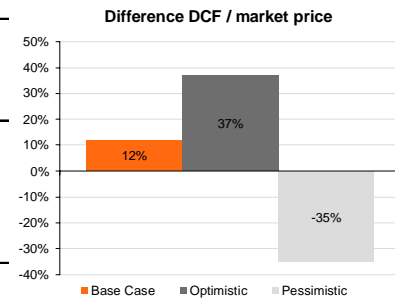
FCF	Base Case		Optimistic		Pessimistic	
	growth	% pv*	growth	% pv	growth	% pv
Level 1						
2024						
:	177.8 %	14%	177.8 %	12%	157.8 %	22%
2026						
Level 2						
2027						
:	6.0 %	36%	8.5 %	28%	0.6 %	38%
2034						
Level 3						
2035	2.0 %	50%	3.0 %	61%	0.0 %	39%
PV total	62	100%	74	100%	38	100%



* Level share of present value cash flows

IMPLIED SHARE PRICE vs CURRENT SHARE PRICE

Fodelia	Base Case	Optimistic	Pessimistic
Present value FCF	62	74	38
- debt (int.-bearing)	7	7	7
- minority interest	0	0	0
+ fin. investments	0	0	0
+ cash and bank	1	1	1
PV shareholder equity	55	68	32
No. of shares (million)	8.1	8.1	8.1
Implied share price	6.8	8.4	4.0
Current share price	6.1	6.1	6.1
Difference (EUR)	0.7	2.3	-2.1
Difference %	0.1	0.4	-0.4



SENSITIVITY ANALYSIS

Interest rate sensitivity	Implied share price			
	Base Case	Optimistic	Pessimistic	
risk-free rate	2.00%	7.5	9.3	4.2
rate	2.50%	6.8	8.4	4.0
	3.00%	6.3	7.5	3.7

Growth sensitivity	Implied share price					WACC
	Base Case	7.2%	7.7%	8.2%	8.7%	
Base Case	7.4	6.8	6.3	5.8	5.4	
1.00%	7.8	7.1	6.5	6.0	5.6	
infinite cash flow	2.00%	8.3	7.5	6.8	6.3	5.8
2.50%	8.9	7.9	7.2	6.6	6.0	
3.00%	9.6	8.5	7.6	6.9	6.3	

WACC vs risk-free rate

Risk-fr. r.	2.00%	2.50%	3.00%
CAPM	7.17%	7.67%	8.17%
WACC	7.70%	8.18%	8.66%
	WACC ₂	WACC ₁	WACC ₃

WACC

Cost of equity capital:

CAPM	
Risk-free rate	2.5%
Market risk premium	5.5%
Company beta	94.0%
Cost of equity capital	7.7%

Cost of debt capital:

Risk-free rate	2.5%
Risk premium	4.0%
Tax rate	20.0%
Tax shield on interest exp.	1.3%
Cost of debt capital	5.2%

WACC:

Cost of equity capital	7.7%
Cost of debt capital	5.2%
Debt ratio (target)	20.0%
Equity ratio (target)	80.0%
Liquidity premium	1.0%
WACC	8.2%

Source: OP Markets

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The information concerning the research report was not sent to the issuer of the security subject to analysis for approval before the report was released.

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Recommendations and target price history			Fodelia	
Recommendation	Target price (€)	Price (€)	Date	
ACCUMULATE	6.50	6.02	15.10.2024	Recommendation change
BUY	6.50	5.50	8.8.2024	Recommendation change
ACCUMULATE	6.50	5.72	24.7.2024	Target price change
ACCUMULATE	6.20	5.50	25.4.2024	Recommendation and target price change
BUY	6.00	4.90	9.4.2024	Recommendation change
ACCUMULATE				

The recommendation breakdown of OP Corporate Bank plc for all companies subject to research and for the aforementioned* companies OP Corporate Bank plc or another company pertaining to the same group has been party to an agreement with concerning the provision of investment banking services:

Share recommendation breakdown (as of 6 September 2024)

Recommendation	All Companies		Inv. Banking Relationships*	
	Count	%	Count	%
BUY	26	37	4	40
ACCUMULATE	27	39	1	10
REDUCE	14	20	5	50
SELL	3	4	0	0
	70	100	10	100

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