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Company Comment	IT/Technology	Finland	26 November 2024
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## Financial targets extended to 2025-2028

**Siili just announced an update to its financial targets. The actual target metrics are unchanged, but the horizon is extended to 2025-2028 due to prolonged market recovery. Siili hosts a CMD this afternoon. While we find the growth target achievable as the market starts to recover, the EBITA margin target looks ambitious given the company's track record. The shares are trading at EV/EBIT of 5x on our 2026 estimates, which are well below the target level.**

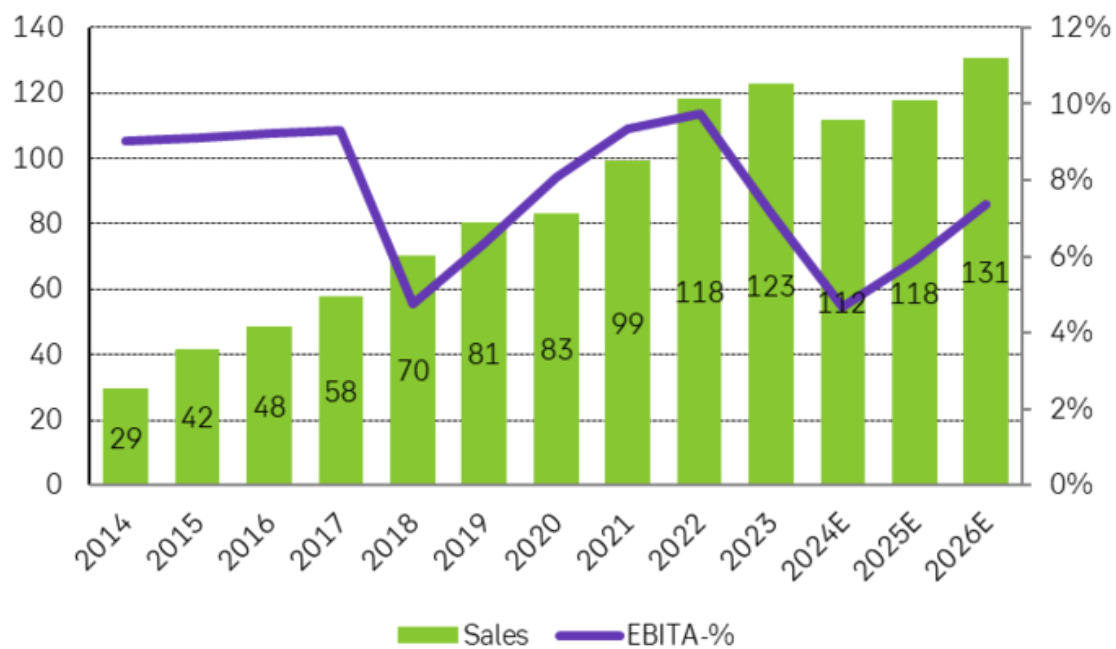
### **Sales growth looks reachable in normal market, margin requires improved pricing**

Ahead its CMD Siili Solutions just announced updated financial targets for 2025-2028. The company keeps its targets intact, but the target period is pushed forward. Previously the financial targets were set for the years 2025-2026.

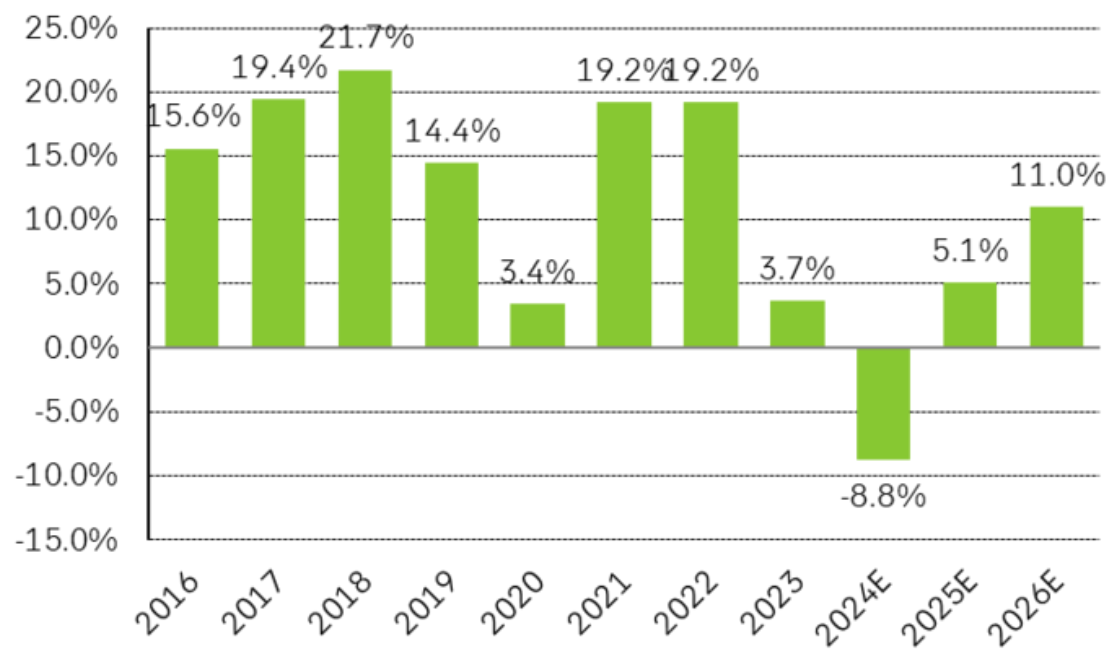
Siili's financial targets for 2025-2028 are:

- Annual revenue growth of 20 percent, of which organic growth accounts for about half
- Adjusted EBITA 12 percent of revenue
- Net debt-to-EBITDA < 2
- The aim is to pay a dividend corresponding to 30–70 percent of net profit annually

After sales decline 9% in 2024E (SEB est.) we are forecasting growth of 5% and 11% for 2025E and 2026E respectively, meaning we find the growth target being achievable as the market situation normalizes. However, our 2026E EBITA margin stands at 7.4%, which is well below the target level. In 2024E we expect the margin to be 4.7%. Given the salary inflation over the past few years, we note that the prices need to rise notably in order to reach higher margins.

**Siili sales (EURm) and EBITA margin**

Source: Siili, SEB estimates

**Siili sales growth development**

Source: Siili, SEB estimates

**Key figures**

<b>(EURm)</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Revenues (m)	123	112	118	131
Adj. EBIT	7	3	6	8
PTP (m)	6	4	5	8
EPS	0.61	0.33	0.46	0.77
EPS (adjusted)	0.80	0.48	0.60	0.91
DPS	0.26	0.26	0.30	0.45
Revenue growth (%)	3.7	(8.8)	5.1	11.0
EPS growth (%)	15.2	(40.1)	n.a.	n.a.
Operating margin (%)	5.6	3.1	4.9	6.5
Adj. EBIT margin (%)	5.9	3.1	4.9	6.5
ROCE (%)	11.1	4.9	8.4	12.7
Net Debt/EBITDA (x)	0.3	0.8	0.3	(0.2)
PER (adjusted)	11.7	12.3	9.7	6.4
Dividend yield (%)	2.8	4.4	5.1	7.7
Free Cash Flow Yield (%)	(9.8)	(1.3)	11.6	17.0
P/BV (x)	1.8	1.1	1.1	1.0
EV/EBIT (x)	11.0	15.5	8.8	5.3
EV/Sales (x)	0.65	0.48	0.43	0.34

Source: SEB

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