

## Surprising guidance revision

LapWall revised its 2024 financial guidance range yesterday, the positive update in terms of profitability guidance eases the short-term uncertainty. The updated net sales forecast matches our current estimate, while the EBITA guidance is significantly higher than we had anticipated.

- **Revised guidance for 2024:** net sales EUR 43–44.5m, EBITA EUR 4.9–5.2m. Previous guidance: net sales EUR 43–48m, EBITA 4.3–4.8m.
- Our current estimate for the company's 2024E net sales is EUR 43.7m, in line with the revised guidance middle.
- In our latest report, we estimated EBITA of EUR 4.4m for 2024E, significantly below the revised guidance middle of EUR 5.1m.
- The company did not provide extensive description of the drivers behind the guidance revision yet informed that the update was done due to the improved profitability of its operations.
- As net sales guidance aligns with the lower end of the earlier forecast, the increase in profitability is not attributed to higher-than-anticipated volumes. We will wait for the Q3 business review to get more insights into the factors driving improved profitability.
- Given the updated guidance range for EBITA and the share price reaction, LapWall is priced at roughly 11–10x EV/EBITA for 2024E, still notably lower compared to our peer group consisting of European small and mid-cap building material companies.
- We will adjust our estimates to match the Q3 figures and updated guidance in our company update following LapWall's business review that will be released next Tuesday, 29<sup>th</sup> of October.

Rating 🇫🇮 Buy

<b>Share price, EUR</b> (Last trading day's closing price)	<b>3.60</b>
Target price, EUR	3.8
Latest change in recommendation	21-Aug-24
Latest report on company	22-Oct-24
Research paid by issuer:	YES
No. of shares outstanding, '000's	14 526
No. of shares fully diluted, '000's	14 526
Market cap, EURm	52
Free float, %	
Exchange rate	
Reuters code	LAPWALL.HE
Bloomberg code	LAPWALL FH
Average daily volume, EUR	0.033
Next interim report	29-Oct-24
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🇫🇮 BUY 🟡 HOLD 🇩🇪 SELL

### PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2022	52.5	7.8	14.9%	3.5	0.38	9.3	0.9	5.8	7.0%	0.19
2023	41.9	3.2	7.7%	-0.9	0.18	17.6	1.0	13.1	-2.0%	0.13
2024E	43.7	3.5	8.0%	-2.6	0.19	19.3	1.2	15.4	-4.9%	0.07
2025E	48.7	4.8	9.8%	-3.3	0.24	15.2	1.2	12.2	-6.4%	0.09
2026E	61.8	7.0	11.3%	4.6	0.36	10.1	0.9	7.9	8.7%	0.18
Market cap, EURm				52	Gearing 2024E, %		8.5 %	CAGR EPS 2023–26, %		26.6 %
Net debt 2024E, EURm				2	Price/book 2024		3.0	CAGR Sales 2023–26, %		13.9 %
Enterprise value, EURm				54	Dividend yield 2024E, %		2.1 %	ROE 2024E, %		15.8 %
Total assets 2024E, EURm				37	Tax rate 2024E, %		18.6 %	ROCE 2024E, %		16.3 %
Goodwill 2024E, EURm				5	Equity ratio 2024E, %		47.9 %	PEG, P/E 24/CAGR		0.5

All the important disclosures can be found on the last pages of this report

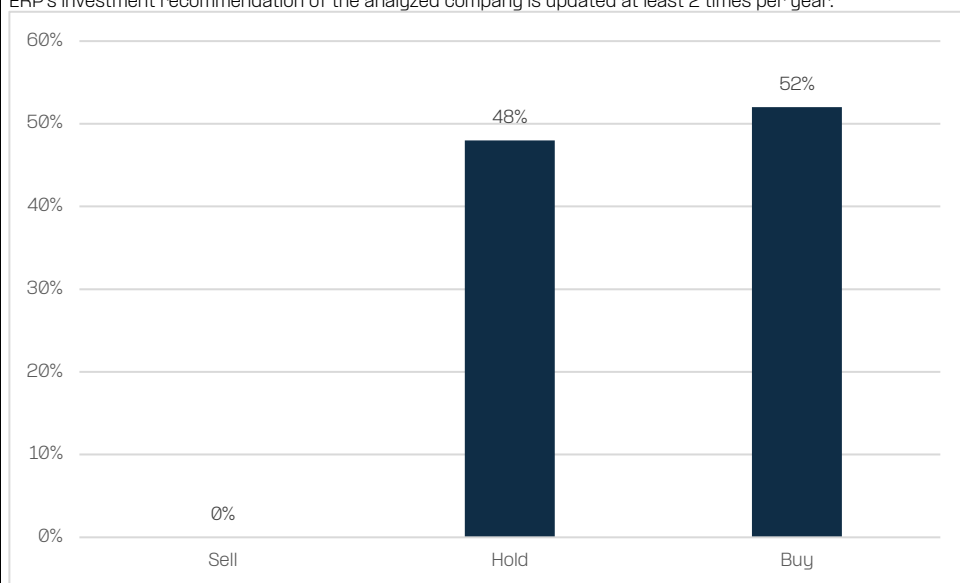
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 - (+10) %	HOLD
> 10 %	BUY

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Name(s) of the analyst(s): Atte Jortikka

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