

Profitability at a good level

LapWall's third quarter performance was solid, with net sales climbing in spite of a difficult market climate. The combination of operational leverage and the company's efficient production led to an uptick in profitability.

- Net sales in Q3 were EUR 11.7 (EUR 10.9m Q3/23), growing 6.9% y/y.
- EBITA was EUR 1.7m (EUR 1.0m Q3/23), at a margin of 14.3% (9.2%)
- The company's profitability improved in line with the revised guidance. The main drivers behind the improved profitability in a tough operating environment were efficient production, improved capacity utilization and the company's project management model.
- Backlog decreased 27.2% y/y to EUR 15.2m, down from EUR 20.9m at the end of Q3/23.
- Last year's backlog included one larger order worth EUR 6.5 million. The company was able to secure new orders to match the revenue during the Q3/24.
- Pyhäntä factory investment has progressed according to the plan.
- Last week, LapWall updated its guidance ranges for net sales and profitability for 2024.
 - 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.

Rating	 Buy
Share price, EUR (Last trading day's closing price)	3.66
Target price, EUR	3.8
Latest change in recommendation	12–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	53
Free float, %	–
Exchange rate	–
Reuters code	LAPWALL.HE
Bloomberg code	LAPWALL FH
Average daily volume, EURm	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	19.6	1.3	15.7	–4.9%	0.07
2025E	48.7	4.8	9.8%	–3.3	0.24	15.5	1.2	12.4	–6.3%	0.09
2026E	61.8	7.0	11.3%	4.6	0.36	10.2	0.9	8.0	8.6%	0.18
Market cap, EURm			53	Gearing 2024E, %		8.5 %	CAGR EPS 2023–26, %			26.6 %
Net debt 2024E, EURm			2	Price/book 2024E		3.0	CAGR Sales 2023–26, %			13.9 %
Enterprise value, EURm			55	Dividend yield 2024E, %		2.0 %	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

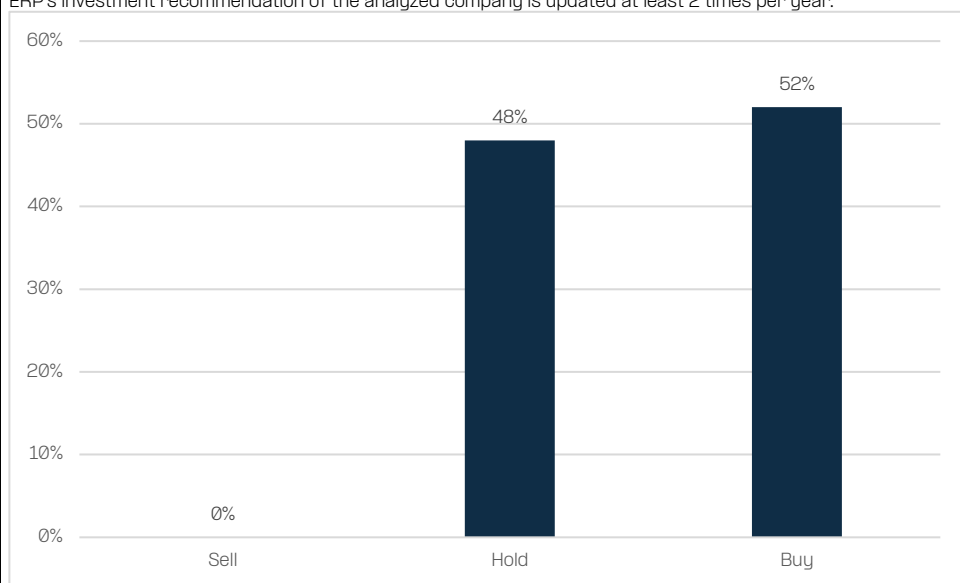
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Investment recommendations are defined as follows:

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

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The graph above shows the distribution of ERP's recommendations of companies under coverage on the 23rd of October, 2024. If recommendation is not given, it is not mentioned here.

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

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