

Strong progress despite the headwinds

LapWall's Q3 was strong as the company was able to improve margins through volume growth leading to improved capacity utilization which was coupled with fixed cost reduction. With short-term uncertainty reduced, we increase our TP to EUR 4.2 while keeping rating at BUY.

Strong Q3 in a tough market

LapWall's Q3 was strong as revenue grew 6.9% to EUR 11.7m, up from EUR 10.9m the year prior driven by continued volume growth. The company's profitability improved at faster pace as EBITA increased 65.5% to EUR 1.7m, up from EUR 1.0m the year prior, with a margin of 14.3% (Q3/23 9.2%). The profitability improvement was driven by volume growth and increased capacity utilization. In addition, the company has been able to reduce its fixed costs and improve efficiency of its production. The profitability improvement has been especially noticeable in the Pyhäntä unit where the profitability has increased substantially from 2023. LapWall's backlog declined 27% y/y to EUR 15.2m, the company was able to secure new orders worth roughly the quarter's net sales. The comparison period's backlog included one larger, EUR 6.5m order.

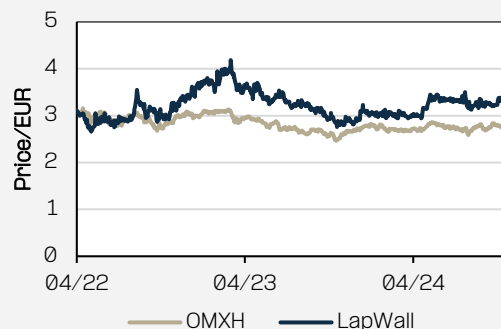
Market continues to challenge in 2025E

Prior to release of the Q3 business review, the company revised its guidance for 2024. LapWall now expects net sales of EUR 43–44.5m and EBITA of EUR 4.9–5.2m for the year. With the strong Q3 results and our estimate of continued profitability improvement in Q4, we now estimate net sales of EUR 43.9m and EBITA of EUR 5.0m for 2024E. For 2025E, we have slightly decreased our estimate for net sales due to the still gloomy housing construction development. Although we anticipate slower growth, we are now forecasting higher margins for 2025E due to enhanced profitability in 2024, which we believe will remain sustainable in the future. The ramp-up of the new capacity in Pyhäntä creates some uncertainty to estimates in short to medium term yet is a growth driver in the long-term.

BUY with a TP of EUR 4.2 (prev. EUR 3.8)

The updated guidance alleviates the short-term risk. LapWall is currently priced at approximately 11–10x EV/EBITA based on our estimates for 2024–2025E. We still consider the current pricing conservative as the earnings remain depressed by the market environment and the company's full potential is yet to be realized.

Rating 🇫🇮 Buy



Share price, EUR (Last trading day's closing price)	3.71
Target price, EUR	4.2
Latest change in recommendation	12-Aug-24 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	54
Free float, %	
Exchange rate	
Reuters code	LAPWALL.HE
Bloomberg code	LAPWALL FH
Average daily volume, EUR	0.033
Next interim report	6-Feb-25
Web site	https://lapwall.fi/sijoittajille/
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🇫🇮 BUY 🟡 HOLD 🇷🇺 SELL

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	43.9	4.1	9.4%	-2.1	0.22	16.8	1.3	13.4	-3.8%	0.11
2025E	47.7	5.0	10.5%	-3.1	0.25	14.8	1.2	11.9	-5.7%	0.13
2026E	59.4	6.9	11.6%	6.8	0.35	10.5	0.9	7.9	12.6%	0.18
Market cap, EURm	54		Gearing 2024E, %		5.4 %		CAGR EPS 2023–26, %		26.2 %	
Net debt 2024E, EURm	1		Price/book 2024		3.0		CAGR Sales 2023–26, %		12.4 %	
Enterprise value, EURm	55		Dividend yield 2024E, %		3.0 %		ROE 2024E, %		18.4 %	
Total assets 2024E, EURm	37		Tax rate 2024E, %		18.8 %		ROCE 2024E, %		19.2 %	
Goodwill 2024E, EURm	5		Equity ratio 2024E, %		49.2 %		PEG, P/E 24/CAGR		0.6	

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

Market remains challenging for 2025E

LapWall's backlog remains at a good level as the company was able to secure orders worth approximately EUR 11m in the quarter. In addition to the backlog, the company's tender pipeline remains at approximately EUR 55m. Our updated estimate for 2024E net sales is at EUR 43.9m and EBITA at EUR 5.0m (LapWall's guidance: net sales of EUR 43–44.5m and EBITA of EUR 4.9–5.2m). Going forward, we have revised our growth projection for 2025E as especially the residential construction market outlook remains gloomy. According to The Confederation of Finnish Construction Industries RT estimate, residential construction volumes will fall 26% in 2024 with total Finnish construction volumes declining 7%. In 2025, residential construction is expected to grow 15% y/y, while overall construction volumes are expected to grow 4%. The y/y growth is estimated to be relatively fast, yet it is coming from a low base. The detached house starts are expected to be 3 500 units in 2024 while RT estimates 4 500 starts in 2025, still far from the levels seen during 2020–2022. The development of non-residential construction of for example industrial, logistics and other commercial buildings remains important as a demand driver for the company's roof element product. The ramp-up of Pyhäntä's new capacity creates some uncertainty especially in the short to medium-term.

Table 1: Estimate summary

LapWall	2022	H1/'23	H2/'23	2023	H1/'24	H2/'24E	2024E	2025E	2026E
Revenue	52.5	18.9	23.0	41.9	21.1	22.7	43.9	47.7	59.4
<i>change, %</i>	<i>-17.4%</i>	<i>-25.9%</i>	<i>-14.9%</i>	<i>-20.2%</i>	<i>12.0%</i>	<i>-1.2%</i>	<i>4.8%</i>	<i>8.8%</i>	<i>24.6%</i>
EBITDA	9.5	2.6	2.7	5.3	2.8	3.5	6.2	7.4	10.0
<i>-margin</i>	<i>18.1%</i>	<i>13.7%</i>	<i>11.6%</i>	<i>12.6%</i>	<i>13.2%</i>	<i>15.2%</i>	<i>14.2%</i>	<i>15.5%</i>	<i>16.9%</i>
EBITA	8.3	1.9	2.0	4.0	2.2	2.8	5.0	5.8	7.7
<i>-margin</i>	<i>15.7%</i>	<i>10.2%</i>	<i>8.8%</i>	<i>9.4%</i>	<i>10.2%</i>	<i>12.5%</i>	<i>11.4%</i>	<i>12.2%</i>	<i>12.9%</i>
Operating profit	7.8	1.7	1.6	3.2	1.7	2.4	4.1	5.0	6.9
<i>-margin</i>	<i>14.9%</i>	<i>8.8%</i>	<i>6.9%</i>	<i>7.7%</i>	<i>8.2%</i>	<i>10.6%</i>	<i>9.5%</i>	<i>10.5%</i>	<i>11.6%</i>
Net financials	-0.7	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.3	-0.3
Pre-tax profit	7.1	1.7	1.5	3.2	1.7	2.3	4.0	4.7	6.6
Income taxes	-1.4	-0.3	-0.3	-0.6	-0.4	-0.5	-0.9	-1.0	-1.5
Other	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	5.5	1.3	1.2	2.6	1.3	1.8	3.1	3.6	5.1
Reported EPS	0.38	0.09	0.08	0.18	0.09	0.12	0.21	0.25	0.35

Source: LapWall, Evli Research estimates

Pricing remains on the conservative side

With the strong Q3 and updated guidance, the short-term uncertainty has decreased. While the company's multiples are on the higher side on absolute level especially for 2024E, we consider the pricing still conservative considering the long-term potential. According to our projections for 2024–2025E, LapWall is priced at 14–12x adj. P/E and 11–10x EV/EBITA. With an anticipated faster recovery in 2026E supported by the company's new capacity and expected improved market conditions, we estimate EV/EBITA of 7x and P/E of 9x.

Table 2: Peer group

Peer group	MCAP MEUR	EV/Sales			EV/EBITDA			EV/EBIT			P/E		
		24	25	26	24	25	26	24	25	26	24	25	26
STEICO	310	1.2x	1.1x	0.9x	5.5x	6.0x	5.4x	8.6x	12.5x	10.4x	9.6x	15.3x	11.8x
Inwido	974	1.4x	1.3x	1.2x	10.5x	9.3x	8.4x	14.7x	12.6x	11.1x	19.4x	15.4x	13.1x
Nordic Waterproofing Hld	333	1.1x	1.0x	1.0x	9.8x	8.1x	7.7x	14.5x	11.3x	10.5x	17.9x	12.5x	11.6x
H+H International	185	0.8x	0.8x	0.7x	12.4x	6.4x	5.3x	34.5x	12.6x	9.4x	47.5x	13.0x	8.7x
Nobia	302	0.8x	0.7x	0.7x	8.9x	5.3x	4.4x		17.0x	10.4x			10.3x
Balco Group	88	0.8x	0.7x	0.6x	11.7x	7.1x	6.5x	22.0x	9.8x	8.7x	22.5x	9.3x	7.9x
Peer Group Average	366	1.0x	0.9x	0.8x	9.8x	7.0x	6.3x	18.9x	12.6x	10.1x	23.4x	13.1x	10.6x
Peer Group Median	306	1.0x	0.9x	0.8x	10.2x	6.8x	5.9x	14.7x	12.5x	10.4x	19.4x	13.0x	11.0x
LapWall (Evli est.)	54	1.1x	0.9x	0.7x	8.8x	8.1x	5.6x	11.0x	10.2x	7.3x	13.6x	12.2x	9.1x
<i>LapWall prem./disc. to peer median</i>		8 %	5 %	-10 %	-13 %	19 %	-5 %	-25 %	-18 %	-30 %	-30 %	-6 %	-17 %
<i>Source FactSet, Evli Research</i>													

Peer group		Sales gr.			EBIT-%			ROE-%			Div. yield		
		24	25	26	24	25	26	24	25	26	24	25	26
STEICO	310	(15.5)%	6.8 %	11.6 %	14.4 %	9.3 %	10.0 %	9.3 %	5.7 %	7.0 %	2.6 %	2.3 %	2.5 %
Inwido	974	(9.7)%	6.4 %	6.1 %	10.1 %	11.0 %	11.8 %	10.6 %	12.6 %	13.7 %	3.2 %	3.5 %	3.7 %
Nordic Waterproofing Hld	333	(4.3)%	5.2 %	3.2 %	7.6 %	9.3 %	9.7 %	11.7 %	15.2 %	15.2 %	3.2 %	4.1 %	4.5 %
H+H International	185	(24.8)%	6.4 %	7.2 %	2.6 %	6.6 %	8.3 %	1.9 %	6.5 %	9.1 %	-	-	-
Nobia	302	(31.7)%	3.0 %	4.8 %	(0.5)%	3.5 %	5.4 %	(6.7)%	2.5 %	6.1 %	-	-	2.0 %
Balco Group	88	10.1 %	14.0 %	5.6 %	4.2 %	8.2 %	8.8 %	5.5 %	11.3 %	12.3 %	1.4 %	3.5 %	3.7 %
Peer Group Average	366	(12.7)%	7.0 %	6.4 %	6.4 %	8.0 %	9.0 %	5.4 %	9.0 %	10.5 %	1.7 %	2.2 %	2.8 %
Peer Group Median	306	(12.6)%	6.4 %	5.8 %	5.9 %	8.8 %	9.2 %	7.4 %	8.9 %	10.7 %	2.0 %	2.9 %	3.1 %
LapWall (Evli est.)	54	4.8 %	8.8 %	24.6 %	11.3 %	12.2 %	12.9 %	18.4 %	19.0 %	23.5 %	3.0 %	3.4 %	4.8 %
<i>LapWall prem./disc. to peer median</i>		36 %	320 %	92 %	39 %	40 %	149 %	114 %	120 %	50 %	18 %	53 %	
<i>Source FactSet, Evli Research</i>													

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	3.71 PV of Free Cash Flow	33 Long-term growth, %	2.0 % Risk-free interest rate, % 2.50 %
DCF share value	5.35 PV of Horizon value	43 WACC, %	9.6 % Market risk premium, % 5.8 %
Share price potential, %	44.1 % Unconsolidated equity	0 Spread, %	0.5 % Debt risk premium % 2.5 %
Maximum value	5.8 Marketable securities	4 Minimum WACC, %	9.1 % Equity beta coefficient 1.30
Minimum value	5.0 Debt – dividend	–3 Maximum WACC, %	10.1 % Target debt ratio, % 20 %
Horizon value, %	56.8 % Value of stock	78 No. of shares, Mn	14.5 Effective tax rate, % 20 %

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	TERMINAL
Net sales	42	44	48	59	70	77	83	85	87	89	90	92
Sales growth (%)	–	4.8%	8.8%	24.6%	17.5%	10.0%	7.5%	3.0%	2.0%	2.0%	2.0%	2.0%
Operating income (EBIT)	3	4	5	7	9	10	10	10	10	10	10	10
Operating income margin %	7.7%	9.4%	10.5%	11.6%	12.5%	12.5%	12.0%	11.5%	11.5%	11.0%	11.0%	11.0%
+ Depreciation+amort.	2	2	2	3	3	3	3	3	2	2	2	
EBITDA	5	6	7	10	12	13	13	13	12	12	12	
– Paid taxes	–1	–1	–1	–2	–2	–2	–2	–2	–2	–2	–2	
– Change in NWC	0	0	0	0	0	0	0	0	0	0	0	
NWC / Sales, %	–3.0%	–3.3%	–4.0%	–3.0%	–2.5%	–2.5%	–2.5%	–2.5%	–2.5%	–2.5%	–2.5%	
+ Change in other liabs												
– Operative CAPEX	–5	–8	–10	–1	–2	–2	–2	–4	–3	–3	–3	
opCAPEX / Sales, %	12.0%	17.3%	19.9%	2.4%	2.9%	2.8%	2.7%	4.4%	3.3%	3.3%	3.3%	
– Acquisitions												
+ Divestments												
– Other items		0										
= FCFF	–1	–2	–3	7	8	9	9	7	8	7	7	101
= Discounted FCFF		–2	–3	6	6	6	5	4	4	3	3	43
= DFCF min WACC		–2	–3	6	6	6	6	4	4	4	3	49
= DFCF max WACC		–2	–2	6	6	6	5	4	4	3	3	39

Sensitivity analysis, EUR

		Terminal WACC				
		7.59 %	8.59 %	9.59 %	10.59 %	11.59 %
Terminal EBIT-%	9.00 %	6.26	5.32	4.63	4.08	3.65
	10.00 %	6.84	5.78	4.99	4.38	3.89
	11.00 %	7.42	6.23	5.35	4.67	4.14
	12.00 %	8.00	6.68	5.71	4.96	4.38
	13.00 %	8.58	7.13	6.07	5.26	4.62

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	9.3	9.6	10.9	12.1	41.9	10.1	11.0	11.7	11.1	43.9	47.7	59.4
EBITDA	1.5	1.1	1.3	1.3	5.3	1.3	1.4	2.0	1.5	6.2	7.4	10.0
<i>EBITDA margin (%)</i>	<i>16.9%</i>	<i>11.6%</i>	<i>12.2%</i>	<i>11.1%</i>	<i>12.6%</i>	<i>13.3%</i>	<i>13.1%</i>	<i>17.0%</i>	<i>13.3%</i>	<i>14.2%</i>	<i>15.5%</i>	<i>16.9%</i>
EBIT	1.0	0.6	0.8	0.8	3.2	0.8	0.9	1.4	1.0	4.1	5.0	6.9
<i>EBIT margin (%)</i>	<i>11.1%</i>	<i>6.5%</i>	<i>7.2%</i>	<i>6.6%</i>	<i>7.7%</i>	<i>7.9%</i>	<i>8.1%</i>	<i>12.4%</i>	<i>8.8%</i>	<i>9.4%</i>	<i>10.5%</i>	<i>11.6%</i>
Net financial items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.3	-0.2
Pre-tax profit	1.0	0.6	0.8	0.8	3.2	0.8	0.9	1.4	0.9	4.0	4.7	6.6
Tax	-0.2	-0.2	-0.2	-0.2	-0.6	-0.2	-0.2	-0.3	-0.2	-0.9	-1.0	-1.5
<i>Tax rate (%)</i>	<i>14.6%</i>	<i>21.4%</i>	<i>15.4%</i>	<i>15.3%</i>	<i>16.4%</i>	<i>15.6%</i>	<i>18.8%</i>	<i>20.0%</i>	<i>20.0%</i>	<i>18.8%</i>	<i>19.0%</i>	<i>20.0%</i>
Net profit	0.9	0.5	0.6	0.6	2.6	0.7	0.7	1.1	0.7	3.2	3.6	5.2
EPS	0.06	0.03	0.04	0.04	0.18	0.05	0.05	0.07	0.05	0.22	0.25	0.35
EPS adj. (diluted)	0.06	0.03	0.04	0.04	0.18	0.05	0.05	0.07	0.05	0.22	0.25	0.35
Dividend per share					0.13					0.11	0.13	0.18
SALES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
LapWall	9.3	9.6	10.9	12.1	41.9	10.1	11.0	11.7	11.1	43.9	47.7	59.4
Total	9.3	9.6	10.9	12.1	41.9	10.1	11.0	11.7	11.1	43.9	47.7	59.4
SALES GROWTH, Y/Y%	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
LapWall	-23.6%	-28.0%	-18.5%	-11.3%	-20.3%	9.4%	14.6%	6.9%	-8.5%	4.8%	8.8%	24.6%
Total	-23.6%	-28.0%	-18.5%	-11.3%	-20.3%	9.4%	14.6%	6.9%	-8.5%	4.8%	8.8%	24.6%
EBIT, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
LapWall	1.0	0.6	0.8	0.8	3.2	0.8	0.9	1.4	1.0	4.1	5.0	6.9
Total	1.0	0.6	0.8	0.8	3.2	0.8	0.9	1.4	1.0	4.1	5.0	6.9
EBIT margin %	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
LapWall	11.1%	6.5%	7.2%	6.6%	7.7%	7.9%	8.1%	12.4%	8.8%	9.4%	10.5%	11.6%
Total	11.1%	6.5%	7.2%	6.6%	7.7%	7.9%	8.1%	12.4%	8.8%	9.4%	10.5%	11.6%

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales			35.5	52.5	41.9	43.9	47.7	59.4
<i>Sales growth (%)</i>				48.0%	-20.3%	4.8%	8.8%	24.6%
EBITDA			6.1	9.5	5.3	6.2	7.4	10.0
<i>EBITDA margin (%)</i>			17.2%	18.1%	12.6%	14.2%	15.5%	16.9%
Depreciation			-1.4	-1.2	-1.3	-1.3	-1.6	-2.4
EBITA			4.8	8.3	4.0	4.9	5.8	7.7
Goodwill amortization / writedown			-0.4	-0.5	-0.7	-0.8	-0.8	-0.8
EBIT			4.4	7.8	3.2	4.1	5.0	6.9
<i>EBIT margin (%)</i>			12.3%	14.9%	7.7%	9.4%	10.5%	11.6%
Reported EBIT			4.4	7.8	3.2	4.1	5.0	6.9
<i>EBIT margin (reported) (%)</i>			12.3%	14.9%	7.7%	9.4%	10.5%	11.6%
Net financials			-0.1	-0.7	0.0	-0.1	-0.3	-0.2
Pre-tax profit			4.2	7.1	3.2	4.0	4.7	6.6
Taxes			-0.9	-1.4	-0.6	-0.9	-1.0	-1.5
Minority shares								
Net profit			3.3	5.5	2.6	3.2	3.6	5.2
Cash NRIs								
Non-cash NRIs								
BALANCE SHEET, EURm								
Assets								
Fixed assets		8	7	10	9	16	24	23
Goodwill		2	2	2	6	5	4	3
Right of use assets								
Inventory		1	3	3	3	5	8	8
Receivables		3	3	5	5	5	7	6
Liquid funds		2	2	8	4	5	1	2
Total assets		17	17	28	27	37	43	41
Liabilities								
Shareholders' equity		5	7	16	17	18	20	23
Minority interest								
Convertible								
Lease liabilities								
Deferred taxes								
Interest bearing debt		5	3	2	1	6	7	2
Non-interest bearing current liabilities		6	7	10	9	9	10	15
Other interest-free debt						3	6	
Total liabilities		17	17	28	27	37	43	41
CASH FLOW, EURm								
+ EBITDA			6	10	5	6	7	10
- Net financial items			0	-1	0	0	0	0
- Taxes			-1	-1	-1	-1	-1	-1
- Increase in Net Working Capital		2	-1	1	0	0	0	0
+/- Other				0		0		
= Cash flow from operations		2	4	8	4	6	6	8
- Capex		-11	0	-4	-5	-8	-10	-1
- Acquisitions								
+ Divestments								
= Free cash flow		-9	4	4	-1	-2	-3	7
+/- New issues/buybacks		5	-2	5	1			
- Paid dividend			2	3	2	2	2	3
+/- Other		5	-2	-1	-1	5	1	-5
Change in cash		2	0	6	-3	1	-4	0

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap			51	45	54	54	54
Net debt (excl. convertibles)	4	1	-6	-3	1	6	1
Enterprise value	4	1	45	42	55	60	55
Sales		35	53	42	44	48	59
EBITDA		6	10	5	6	7	10
EBIT		4	8	3	4	5	7
Pre-tax		4	7	3	4	5	7
Earnings		3	5	3	3	4	5
Equity book value (excl. minorities)	5	7	16	17	18	20	23

Valuation multiple	2020	2021	2022	2023	2024E	2025E	2026E
EV/Sales		0.0	0.9	1.0	1.3	1.2	0.9
EV/EBITDA		0.2	4.8	8.0	8.8	8.1	5.4
EV/EBITA		0.3	5.5	10.7	11.1	10.2	7.1
EV/EBIT		0.3	5.8	13.1	13.4	11.9	7.9
EV/OCF	2.2	0.3	5.8	10.3	9.9	9.2	6.6
EV/FCF	-0.4	0.3	10.9	-48.0	-28.1	-21.4	7.8
P/FCFR			14.4	-50.4	-26.2	-17.6	7.9
P/E			9.3	17.6	16.8	14.8	10.5
P/BV			3.2	2.7	3.0	2.7	2.3
Target EV/EBITDA					9.9	9.0	6.1
Target EV/EBIT					15.1	13.3	9.0
Target EV/FCFF					-30.1	-21.8	9.1
Target P/BV					3.4	3.0	2.6
Target P/E, diluted					19.0	16.8	11.8

Per share measures	2020	2021	2022	2023	2024E	2025E	2026E
Number of shares (million)		12.38	14.23	14.53	14.53	14.53	14.53
Number of shares (diluted, million)		12.38	14.23	14.53	14.53	14.53	14.53
EPS		0.27	0.38	0.18	0.22	0.25	0.35
Operating cash flow per share		0.36	0.55	0.28	0.38	0.44	0.56
Free cash flow per share		0.33	0.25	-0.06	-0.14	-0.21	0.47
Book value per share		0.58	1.11	1.15	1.24	1.38	1.61
Dividend per share		0.14	0.19	0.13	0.11	0.13	0.18
Dividend payout ratio, %		51.9%	49.4%	73.7%	50.0%	50.0%	50.0%
Dividend yield, %			5.3%	4.2%	3.0%	3.4%	4.8%
FCF yield, %			7.0%	-2.0%	-3.8%	-5.7%	12.6%

Efficiency measures	2020	2021	2022	2023	2024E	2025E	2026E
ROE		53.4%	47.6%	15.7%	18.4%	19.0%	23.7%
ROCE		41.0%	54.4%	17.8%	19.2%	19.4%	25.9%

Financial ratios	2020	2021	2022	2023	2024E	2025E	2026E
Inventories as % of sales		7.1%	6.1%	7.4%	12.0%	16.0%	13.0%
Receivables as % of sales		8.8%	9.5%	10.9%	12.5%	14.0%	10.0%
Non-int. bearing liabilities as % of sales		18.8%	19.0%	21.3%	21.3%	22.0%	26.0%
NWC/sales, %		-2.9%	-3.3%	-3.0%	-3.3%	-4.0%	-3.0%
Operative CAPEX/Sales, %		1.2%	8.3%	12.0%	17.3%	19.9%	2.4%
CAPEX/sales (incl. acquisitions), %		1.2%	8.3%	12.0%	17.3%	19.9%	2.4%
FCFF/EBITDA		0.7	0.4	-0.2	-0.3	-0.4	0.7
Net Debt/EBITDA, book-weighted		0.2	-0.6	-0.6	0.2	0.8	0.1
Debt/equity, market-weighted			0.0	0.0	0.1	0.1	0.0
Equity ratio, book-weighted		0.3	0.4	0.6	0.5	0.5	0.6
Gearing, %	69.6%	17.7%	-34.7%	-18.0%	5.4%	28.0%	2.8%

COMPANY DESCRIPTION: LapWall is a Finnish construction material company that produces prefabricated wooden construction elements for both residential and non-residential buildings. The company operates through its three production facilities located in Finland. LapWall's business model is centered around its LEKO® element system that covers everything from element design to installation. LapWall was founded in 2011 and currently employs roughly 115 personnel. The company was listed to the First North Growth Market in 2022.

INVESTMENT CASE: The sluggish residential construction market has decreased demand for LapWall's wooden wall element products during 2023–2024. While the wall elements market remains difficult, the firm's expansion into roof element capabilities has proven fruitful, with roof element demand holding up better. The company is currently investing in its Pyhäntä factory to triple the capacity. We forecast 2023–2024 to be the cycle-low in terms of earnings and expect that the company will continue its profitable growth as market stabilizes throughout 2025–2028 and LapWall gains market share.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Jarmo Pekkarinen	2 700 000	10.017	18.6 %
Timo Pekkarinen	2 245 000	8.329	15.5 %
Pohjanmaan Arvo Sijoitusosuuskunta	1 510 306	5.603	10.4 %
Ahola Tuomas Veli	1 289 739	4.785	8.9 %
Pekkarinen Janne Petteri	964 751	3.579	6.6 %
Alquila Oy	424 111	1.573	2.9 %
Pekkarinen Antti Olavi	390 632	1.449	2.7 %
Kari Viljamaa	385 644	1.431	2.7 %
Suomen Teollisuussijoitus Oy	294 108	1.091	2.0 %
Ahti Väisänen	271 254	1.006	1.9 %
Ten largest	10 475 545	38.864	72.1 %
Residual	4 049 973	15.025	27.9 %
Total	14 525 518	53.890	100%

EARNINGS CALENDAR

February 06, 2025

FY 2024 Results

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Jarmo Pekkarinen

CFO: Tuomo Riihonen

Yrittäjätie 7, 36600 Pälkäne

DEFINITIONS

<p>P/E</p> $\frac{\text{Price per share}}{\text{Earnings per share}}$	<p>EPS</p> $\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
<p>P/BV</p> $\frac{\text{Price per share}}{\text{Shareholder's equity} + \text{taxed provisions per share}}$	<p>DPS</p> <p>Dividend for the financial period per share</p>
<p>Market cap</p> <p>Price per share * Number of shares</p>	<p>OCF (Operating cash flow)</p> <p>EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments</p>
<p>EV (Enterprise value)</p> <p>Market cap + net debt + minority interest at market value – share of associated companies at market value</p>	<p>FCF (Free cash flow)</p> <p>Operating cash flow – Operative CAPEX – acquisitions + divestments</p>
<p>EV/Sales</p> $\frac{\text{Enterprise value}}{\text{Sales}}$	<p>FCF yield, %</p> $\frac{\text{Free cash flow}}{\text{Market cap}}$
<p>EV/EBITDA</p> $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	<p>Operative CAPEX / Sales</p> $\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
<p>EV/EBIT</p> $\frac{\text{Enterprise value}}{\text{Operating profit}}$	<p>Net working capital</p> <p>Current assets – current liabilities</p>
<p>Net debt</p> <p>Interest bearing debt – financial assets</p>	<p>Capital employed / Share</p> $\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
<p>Total assets</p> <p>Balance sheet total</p>	<p>Gearing</p> $\frac{\text{Net debt}}{\text{Equity}}$
<p>Div yield, %</p> $\frac{\text{Dividend per share}}{\text{Price per share}}$	<p>Debt/Equity, %</p> $\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
<p>Payout ratio, %</p> $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	<p>Equity ratio, %</p> $\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
<p>ROCE, %</p> $\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	<p>CAGR, %</p> <p>Cumulative annual growth rate = Average growth rate per year</p>
<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	

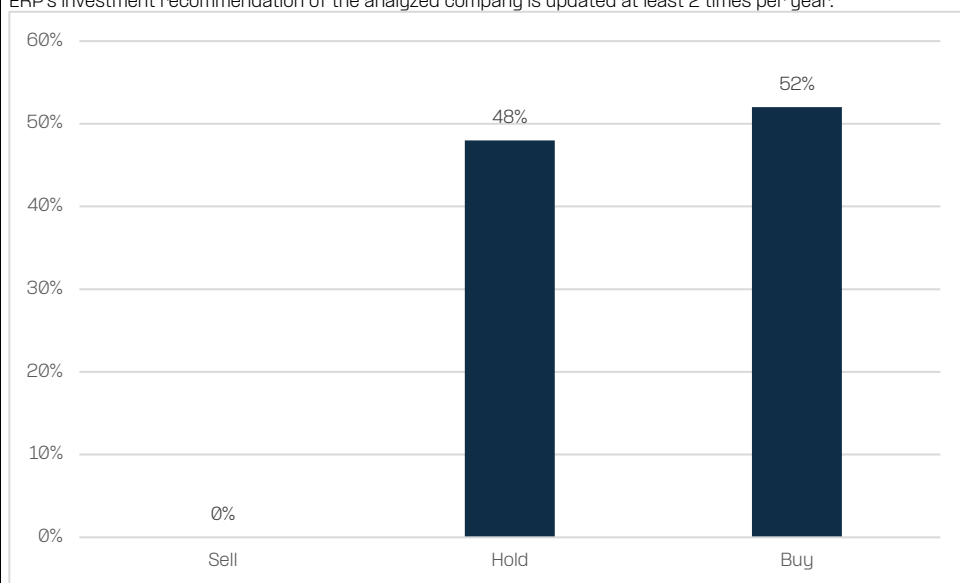
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Investment recommendations are defined as follows:

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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