

Kempower

Company report

7/25/2024



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✓ Inderes corporate customer

This report is a summary translation of the report “Haastavat ajat jatkuvat, mutta pitkä peli houkuttaa” published on 7/24/2024 at 8:00 pm EEST

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Challenging times still ahead, but the long game is appealing

The demand challenges seen in the charging market stem from over-investment by charging operators in 2022-23. We expect that lower customer inventory levels and the acquisition of new customers will turn Kempower's sales into growth in 2025, with a clear turnaround in profitability. We find the long-term growth of the target market and the competitive value creation potential of Kempower's products as attractive at the current share price. We raise our recommendation to Accumulate (previously Reduce) but reduce our target price to EUR 16 (previously EUR 19), due to the increase in the required return, among other factors.

Large European customers are digesting their charging inventories

The key figures for Q2 were already known with the release of Kempower's profit warning on July 11. Revenue and order intake were down 21% and 37% respectively year-on-year. According to Kempower, the weak demand was due to high inventory levels at key customers, which limited equipment sales even as charging equipment installations increased (2024e: 20% in Europe and 40% in North America). Revenue declined significantly in Europe outside the Nordic countries, but grew well in North America, which already accounts for 10% of revenue. Operative EBIT remained at -8.5 MEUR due to weak revenue. Gross margin decreased to 44.4% (Q2'23: 51.1%), of which 3.9 percentage points were due to inventory write-downs and 1.6 percentage points to an increase in personnel costs in manufacturing due to lower utilization rates. Kempower estimates that its market share has remained stable in its key markets.

Management focus on adjusting cost base and onboarding new customers

Kempower reiterated its guidance for 2024, which was first issued on July 11 and is much more pessimistic than before. In our view, management's comments conveyed a determination to return to positive performance levels by the end of the year. We believe there really is room for efficiency gains in the organization after the frenetic hiring frenzy of 2022-23. Even the current revenue guidance assumes a small pick-up in demand in H2 (compared to H1) and thus carries a small risk in our view. On the other hand, Kempower has managed to expand its customer base considerably in H1 and is aiming to realize the sales potential within a short timeframe. We believe price competition is likely to intensify in the weak demand environment and have lowered our margin forecasts, resulting in a 9% decline in 2025e EBIT.

In terms of market turnaround, only the timing is unclear

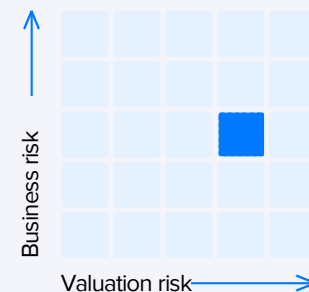
The current weak demand in Kempower's target market is due to the exceptional market of 2022-23, when component shortage and the rapid electrification of transportation led customers to hoard chargers. However, the trend towards electrification of transportation will continue and may intensify again in the coming years, e.g., with new cheaper car models, electrification of heavy transport and lower interest rates. If sales were to pick up in line with our forecasts, the valuation would soon become cheap (EV/EBIT 2026-27: 16x and 12x). We believe that Kempower will be a long-term winner in the charging market thanks to its distinctive and competitive product range. The company has reached a critical market scale and its strong balance sheet limits risks in difficult times when weaker competitors are failing. The target price of EUR 16 corresponds to our fair value EV/EBIT multiple of 15x in our 2027 projections. We have raised the return on equity requirement to 9.2% (was 8.8%), due to the realization of the risk level associated with demand volatility. Demand challenges may persist in the near term and the investment story relies on long-term earnings growth, which makes the stock's valuation risk high.

Recommendation

Accumulate
(previous Reduce)

EUR 16.00
(previous EUR 19.00)

Share price:
13.17



Key figures

	2023	2024e	2025e	2026e
Revenue	283.6	238.2	319.2	415.0
growth-%	174%	-16%	34%	30%
EBIT adj.	40.7	-24.7	16.5	42.2
EBIT-% adj.	14.4 %	-10.4 %	5.2 %	10.2 %
Net Income	33.8	-21.5	13.4	33.7
EPS (adj.)	0.61	-0.37	0.24	0.61

P/E (adj.)	46.9	neg.	54.2	21.6
P/B	11.9	6.5	5.8	4.6
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	37.2	neg.	42.6	16.2
EV/EBITDA	32.1	neg.	25.1	11.9
EV/S	5.3	2.9	2.2	1.6

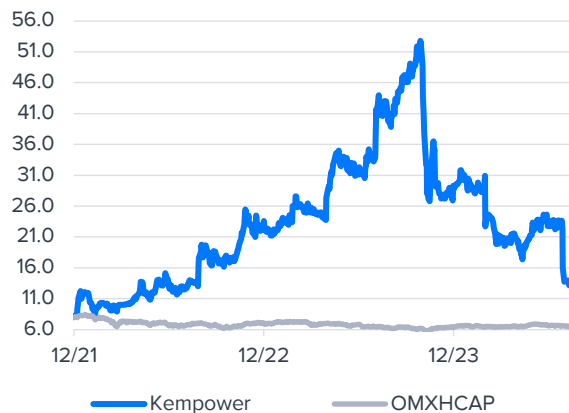
Source: Inderes

Guidance

(Unchanged)

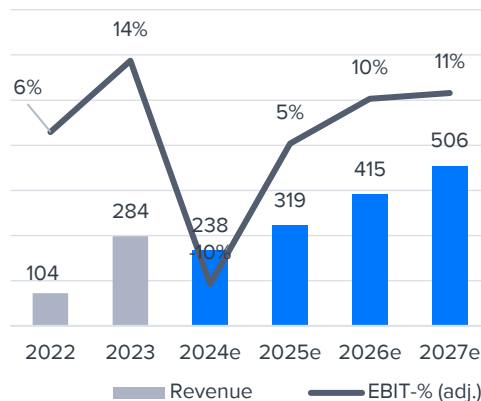
2024 revenue; 220-260 MEUR, assuming no major impact of foreign currency exchange rates. 2023 operative EBIT margin is negative.

Share price



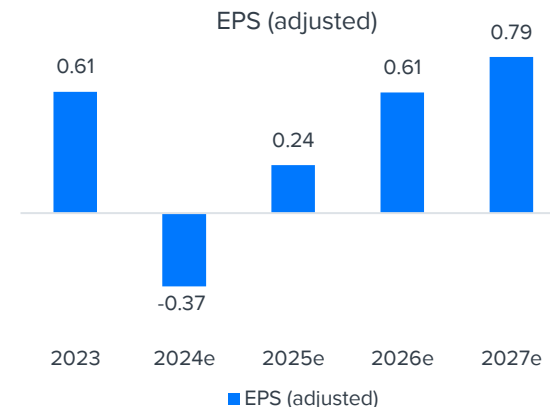
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Electrification of transport creates a huge need for efficient and versatile charging capacity
- Products are highly competitive and it can take a long time for competitors to develop similar features
- Growing the distribution channel allows the company to become one of the big global manufacturers
- Higher gross margins than for competitors



Risk factors

- Rapidly growing the organization slows profitability development in the short term
- Uncertainty about long-term profitability levels in the industry
- Changes in technological competitiveness could threaten growth and pricing
- Slowdown in demand growth and narrowing technological gaps are likely trends in the long term
- A high valuation based on long-term earnings growth carries significant risk

Valuation	2024e	2025e	2026e
Share price	13.2	13.2	13.2
Number of shares, millions	55.3	55.3	55.3
Market cap	728	728	728
EV	699	703	684
P/E (adj.)	neg.	54.2	21.6
P/E	neg.	54.2	21.6
P/B	6.5	5.8	4.6
P/S	3.1	2.3	1.8
EV/Sales	2.9	2.2	1.6
EV/EBITDA	neg.	25.1	11.9
EV/EBIT (adj.)	neg.	42.6	16.2
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Unexpected decline in demand reflected throughout income statement

Key figures already announced on July 11

The key figures of Kempower's Q2 report were already known before the publication of the actual interim results, as the company had already announced a weak quarter in its profit warning on July 11. Revenue, operative EBIT, new orders and order book were all known prior to the Q2 report.

High inventory levels dampen demand for equipment

Kempower's Q2 revenue landed at 57 MEUR, down 21% year-on-year. New orders amounted to 54 MEUR, down as much as 37% from the comparison period (Q2'23). Kempower justified the weak demand by, e.g., customers' high inventory levels, limited availability of grid connections and full availability of the company's next-generation solutions only materializing in H2'24. The company estimates that its customers currently have around 100 MEUR of uninstalled chargers in

stock and these inventories are expected to be slowly destocked from H2 onwards.

Kempower refers to a market research study which expects the number of installations to grow by around 20% in Europe and 40% in North America in 2024. However, this is not directly reflected in the demand for charging equipment due to high inventory levels among customers.

Europe slumped, but North America gains ground

Geographically, revenue development was fairly stable in the Nordic countries (-4%) but fell sharply in the rest of Europe (-48%). North American revenue showed good year-on-year and also quarter-on-quarter growth from Q1, but the importance of this region for the company is still relatively small (around 10% of revenue in Q2).

Profitability and cash flow remained weak

The operating result decreased to -8.5 MEUR due to low revenue (Q2'23: 13.9 MEUR). The reported operating result was -9.5 MEUR and was impacted by 1 MEUR of non-recurring items related to, among others, moving to the main list of Nasdaq Helsinki and establishing operations in the US market. During the past year, Kempower has significantly increased its fixed costs to achieve growth, which is now reflected as negative profitability with revenue falling. Kempower's gross margin dropped to 44.4% (Q2'23: 51.1%). The decrease was partly due to inventory write-downs (3.9 percentage points) and increased personnel costs in manufacturing due to lower utilization (1.6 percentage points).

Operating cash flow in Q2 was -16 MEUR and net cash at the end of the quarter was 59 MEUR (excluding lease liabilities).

Estimates MEUR / EUR	Q2'23	Q2'24	Q2'24e	Q2'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	72.5	57.1	57.1				0%	240
Order intake	86.3	54.1	54.1				0%	231
Gross margin %	51.1 %	44.4 %	50.0 %				-5.6 pp	50.2 %
EBIT (adj.)	13.9	-8.5	-8.5				0%	-25.6
EPS (reported)	0.20	-0.14	-0.13				-8%	-0.37
Revenue growth-%	235.5 %	-21.2 %	-21.2 %				0 pp	-16.0 %
EBIT-% (adj.)	19.2 %	-14.9 %	-15.0 %				0.1 pp	-10.7 %

Source: Inderes

Forecasts made prior to the publication of the Q2 report.

A recording of the Q2 news conference can be viewed at the link below

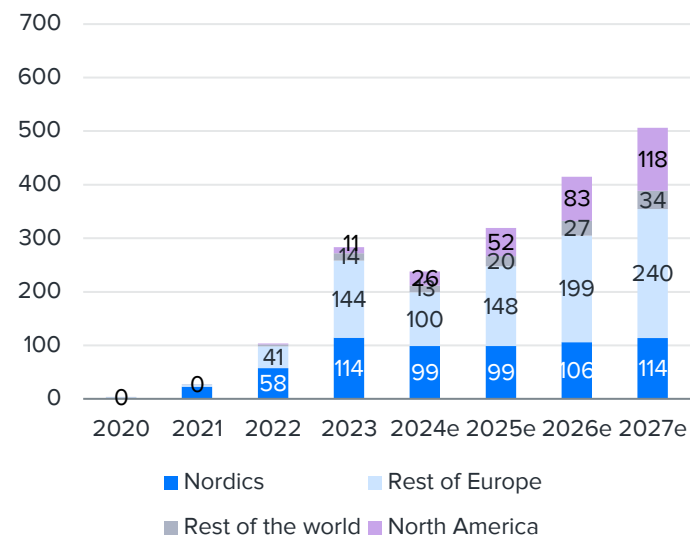


Result expected to turn positive by the end of the year

Kempower adapts to lower demand by cutting costs

- Kempower's guidance issued on July 11 expects 2024 revenue to be 220-260 MEUR (was 360-410 MEUR), assuming that exchange rate fluctuations do not have a significant impact Regarding profitability, Kempower estimates that the operational EBIT for 2024 will be negative but will improve toward the end of the year so that Q4's profitability would already be at zero (before July 11, EBIT margin was guided at 5-10 %).
- Kempower expects customer inventory levels to slowly decline during H2.
- Kempower continued to win new customers in Q2 and reported that it also won a significant nationwide charging operator customer in North America.
- US revenue developed well and a fifth of new customers were already from North America (10% of revenue).
- Kempower's management seemed committed to turning around the company's performance and cash flow in a timely manner. The company plans to save around 10 MEUR through both staff cuts and savings on external costs. The company has grown its resources very rapidly in recent years. We expect the cuts to affect at least support functions such as HR and other administration.
- Our interpretation was that Kempower has not reduced the prices of its products, at least not significantly. However, the management mentioned that increased price competition from competitors is likely in the current challenging market situation. According to the company, it sees its scalable and dynamic satellite-style charging solution as a competitive differentiator that partly protects the company from price competition.
- We have made slight cuts to our forecasts. We have lowered our gross margin assumption, resulting in a 9% reduction in our 2025 EBIT forecast. We have also lowered the forecast for net financial income by 1 MEUR/year.

Revenue development by geographical location



Inderes' estimate

Estimate revisions	2024e			2025e			2026e			
	MEUR / EUR	Old	New	Change %	Old	New	Change %	Old	New	Change %
Revenue		240	238	-1%	321	319	-1%	417	415	-1%
EBITDA		-14.9	-14.9	0%	27.2	28.0	3%	59.9	57.7	-4%
EBIT (excl. NRIs)		-25.6	-24.7	3%	18.2	16.5	-9%	43.2	42.2	-2%
EBIT		-25.7	-25.8	-1%	18.2	16.5	-9%	43.2	42.2	-2%
PTP		-24.2	-25.3	-5%	19.7	17.0	-14%	44.7	42.7	-5%
EPS (excl. NRIs)		-0.37	-0.37	0%	0.28	0.24	-14%	0.64	0.61	-5%
DPS		0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Watch Inderes interview with CEO Tomi Ristimäki:



Detailed estimates

MEUR	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	Terminal period
Order intake			7	37	209	275	238	324						
- growth %				427%	459%	32%	-14%	36%						
Order book			4	14	119	111	111	115						
				261%	768%	-7%	0%	4%						
Revenue	0	0	3	27	104	284	238	319	415	506	608	668	735	
- growth %		68%	909%	730%	278%	174%	-16%	34%	30%	22%	20%	10%	10%	3%
Revenue by geography														
Nordics	0	0	2	23	58	114	99	99	106	114				
- growth %					150%	97%	-13%	0%	7%	8%				
Rest of Europe	0	0	1	4	41	144	100	148	199	240				
- growth %					893%	254%	-31%	48%	34%	21%				
North America	0	0	0	0	2	11	26	52	83	118				
- growth %							133%	99%	58%	42%				
Rest of the world	0	0	0	0	4	14	13	20	27	34				
- growth %							-7%	50%	40%	25%				
Gross margin %			54.5%	47.1%	46.5%	52.1%	47.6%	48.0%	47.6%	47.1%	46.6%	46.1%	45.6%	
Fixed costs				-13	-39	-101	-129	-125	-143	-170	-197	-208	-225	
EBITDA	-0.6	-2.2	-2.1	0.5	9.5	47.1	-14.9	28.0	54.6	68.8	86.6	99.7	110.3	
- % of revenue				1.8%	9.2%	16.6%	-6.2%	8.8%	13.2%	13.6%	14.2%	14.9%	15.0%	
Depreciation and amortization	0.0	0.0	-0.1	-1.1	-3.4	-6.5	-11.0	-11.5	-12.4	-14.2	-14.6	-15.4	-16.2	
EBIT	-0.6	-2.2	-2.2	-0.7	6.1	40.6	-25.8	16.5	42.2	54.7	72.0	84.4	94.1	
- % of revenue				-2.6%	5.9%	14.3%	-10.8%	5.2%	10.2%	10.8%	11.8%	12.6%	12.8%	12.0%
Financing expenses				-0.2	-1.3	2.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
Taxes				1.1	-1.2	-9.3	3.8	-3.6	-9.0	-11.6	-15.2	-17.8	-19.9	
- Tax rate %				122%	25%	22%	15%	21%	21%	21%	21%	21%	21%	21%
Net profit				0.3	3.6	33.7	-21.5	13.4	33.7	43.6	57.3	67.0	74.8	
EPS (EUR)				0.01	0.07	0.61	-0.37	0.24	0.61	0.79	1.04	1.21	1.35	
Investments (incl. capitalization of leasing contracts)			0	4	23	23	25	20	22	23	24	24	25	
Net working capital			3	4	21	18	28	37	45	53	60	63	69	
Cash and cash equivalents			1	90	74	100	110	180	263	311	361	384	407	
Headcount (at the end of year)	5	17	38	136	375	737	850							

Source: Inderes

Expected return over the long term is attractive

Valuation not justified by near-term results

In our view, Kempower's high share price in recent years was based on strong evidence of earnings growth in 2022-23 and the market's expectation that the company's large opex investments in 2023-24 would pay off quickly. The stock story has changed with the sudden drop in demand, resulting in much longer payback periods for investments such as organizational expansion and new factory openings. The profitability already achieved in 2023 is temporarily buried under a mass of fixed costs and partly lost due to a decrease in revenue. The 2025 adj. EV/EBIT multiple is high at 43x. The valuation of the stock is based on the company's long-term earnings growth prospects, which increases the risk level of the investment.

Market growth prospects and product competitiveness enable long-term value creation

The sharp change in Kempower's earnings growth outlook in the coming years is, in our view, mainly due to fluctuations in market demand and the negative repercussions of the exceptional market situation in 2022-23 due to increased customer inventory levels. We believe that Kempower's products remain competitive at the top of the industry in terms of margins and that the non-mainstream structure of its solutions partly protects it against the most intense price competition. In the big picture, the company has been gaining market share in recent years, although with the recent decline in revenue it is still difficult to assess whether market share has taken a step backwards, as comparisons with competitors' development are challenging due to limited public data.

The electrification trend in transport is also progressing and materializing in the long term, although probably slower than estimated in the 2023 CMD. Therefore, we believe that investors should still value the long-term growth potential of the target market and Kempower's gross margins, which are higher than for its competitors. The low capital intensity of the business enables a high ROIC if growth is successful. Market concentration to the most technologically advanced and cost-effective players will also limit competition in the long term, an example of which is the recent bankruptcies of a few competitors. However, there is considerable uncertainty in forecasting long-term margins and profitability.

Result still expected to improve to reasonable levels relative to valuation in coming years

If Kempower's revenue decline slows down in H2 and turns into sustainable growth in 2025, the valuation could quickly fall to a reasonable level with 2026-27 forecasts (EV/EBIT 16x and 12x). There is no certain visibility of a turnaround, but we believe that there are clear temporary reasons for the company's current situation, as described above. In addition, there are concrete drivers for the long-term growth of the market, starting with the surge of new electric vehicle models on the market, the electrification of heavy transport and political decisions to develop electric infrastructure.

We reverse our recommendation to Accumulate and revise our target price to EUR 16, which corresponds to an EV/EBIT multiple of 15x in our 2027 projections. We see a high degree of risk in the stock, especially given its valuation based on long-term prospects. We have also raised the return on equity requirement to 9.2% (was 8.8%).

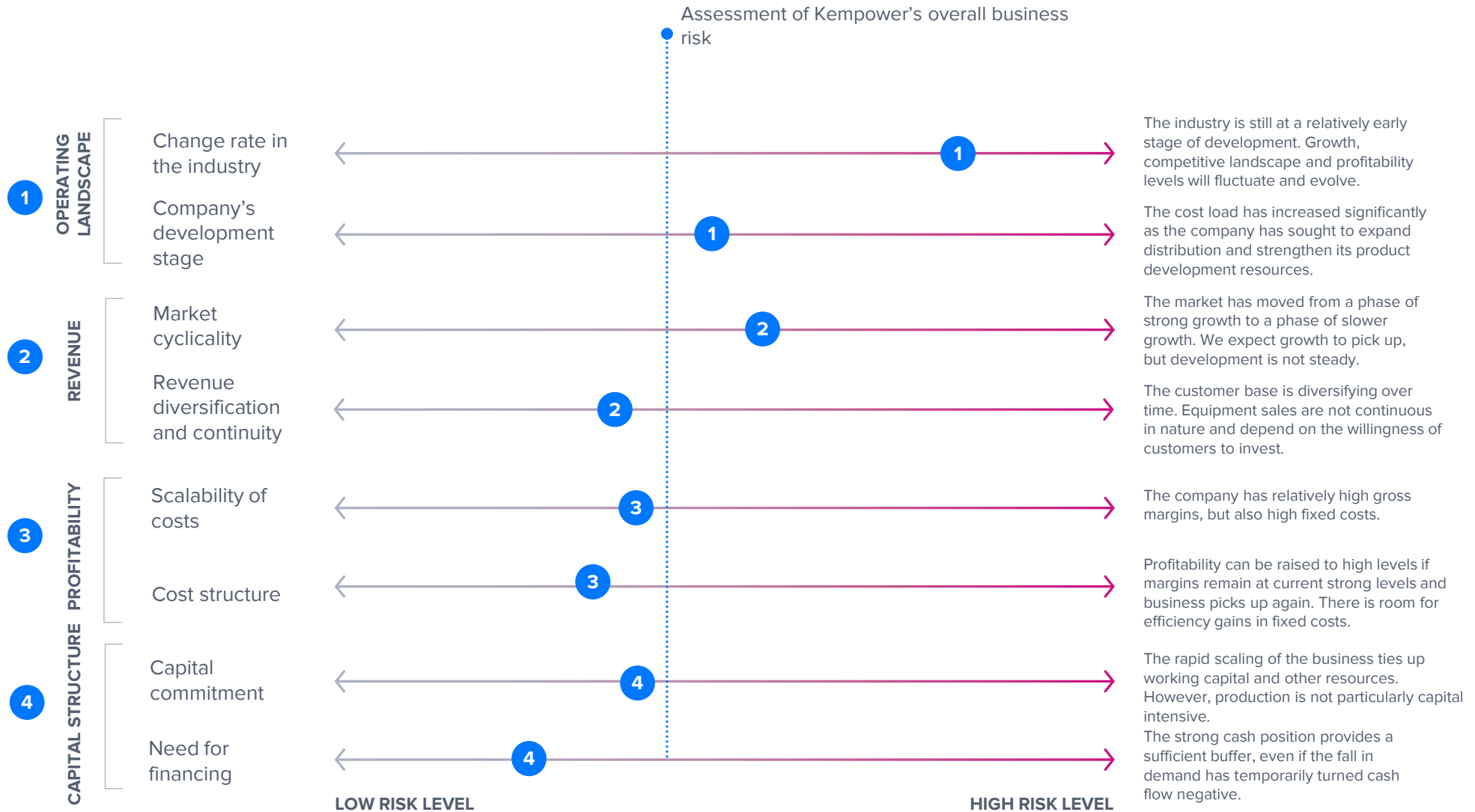
Valuation	2024e	2025e	2026e
Share price	13.2	13.2	13.2
Number of shares, million:	55.3	55.3	55.3
Market cap	728	728	728
EV	699	703	684
P/E (adj.)	neg.	54.2	21.6
P/E	neg.	54.2	21.6
P/B	6.5	5.8	4.6
P/S	3.1	2.3	1.8
EV/Sales	2.9	2.2	1.6
EV/EBITDA	neg.	25.1	11.9
EV/EBIT (adj.)	neg.	42.6	16.2
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Valuation scenarios

MEUR 2030e	Negative scenario	Baseline scenario	Positive scenario
Revenue	350	735	1,500
EBIT-%	10.0%	12.8%	15.0%
EBIT	35	94	225
EV/EBIT multiple (x)	12x	15x	18x
EV	420	1412	4050
Cumulative cash flow 24-30e	45	150	245
Cash assets 2023	75	75	75
Market cap 2030e (MEUR)	540	1636	4369
Share price 2030e (EUR)	10	30	79
Discounted present value (EUR)	6	18	47
Difference to current price	-56%	33%	255%

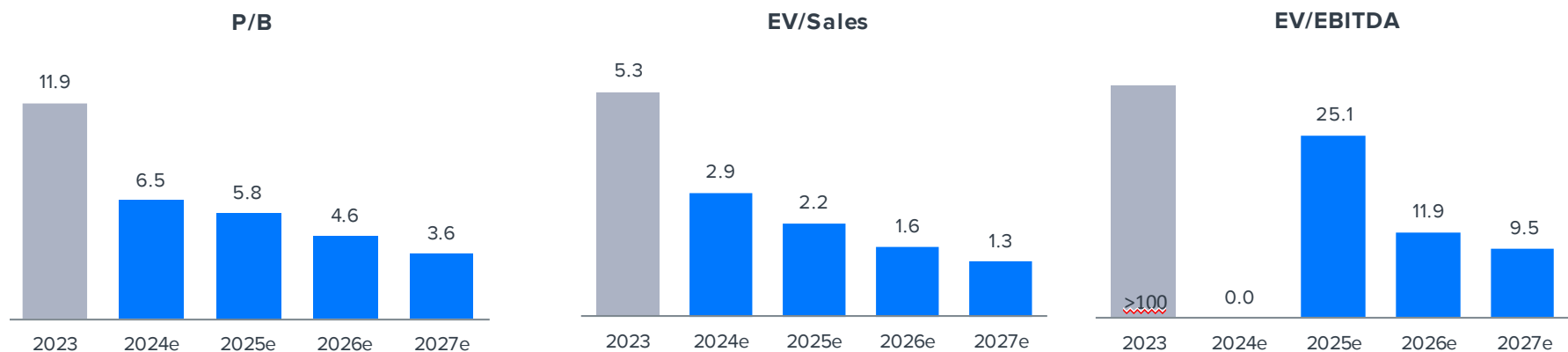
Risk profile of the business model



Valuation table

Valuation	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e
Share price	28.7	13.2	13.2	13.2	13.2	13.2	13.2	13.2	13.2
Number of shares, millions	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3
Market cap	1588	728	728	728	728	728	728	728	728
EV	1513	699	703	684	656	616	561	502	436
P/E (adj.)	46.9	neg.	54.2	21.6	16.7	12.7	10.9	9.7	8.9
P/E	47.0	neg.	54.2	21.6	16.7	12.7	10.9	9.7	8.9
P/B	11.9	6.5	5.8	4.6	3.6	2.8	2.2	1.8	1.5
P/S	5.6	3.1	2.3	1.8	1.4	1.2	1.1	1.0	0.9
EV/Sales	5.3	2.9	2.2	1.6	1.3	1.0	0.8	0.7	0.5
EV/EBITDA	32.1	neg.	25.1	11.9	9.5	7.1	5.6	4.6	3.6
EV/EBIT (adj.)	37.2	neg.	42.6	16.2	12.0	8.6	6.7	5.3	4.2
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Inderes



Income statement

Income statement	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	27.4	104	55.8	72.5	72.6	82.8	284	42.6	57.1	61.7	76.8	238	319	415	506
EBITDA	0.5	9.5	7.9	15.4	16.0	7.8	47.1	-8.6	-6.9	-2.9	3.5	-14.9	28.0	57.7	68.8
Depreciation	-1.1	-3.4	-1.1	-1.5	-1.7	-2.3	-6.5	-2.3	-2.5	-3.0	-3.1	-11.0	-11.5	-15.5	-14.2
EBIT (excl. NRI)	-0.6	6.7	6.9	13.9	14.4	5.5	40.7	-10.8	-8.5	-5.9	0.4	-24.7	16.5	42.2	54.7
EBIT	-0.6	6.1	6.8	13.9	14.4	5.5	40.6	-10.9	-9.5	-5.9	0.4	-25.8	16.5	42.2	54.7
Net financial items	-0.2	-1.3	0.2	0.3	0.2	1.8	2.5	0.3	-0.1	0.1	0.2	0.5	0.5	0.5	0.5
PTP	-0.8	4.8	7.0	14.2	14.6	7.3	43.1	-10.6	-9.5	-5.8	0.6	-25.3	17.0	42.7	55.2
Taxes	1.1	-1.4	-1.3	-3.2	-2.9	-1.9	-9.3	1.9	1.7	0.6	-0.4	3.8	-3.6	-9.0	-11.6
Net earnings	0.3	3.4	5.7	11.0	11.7	5.4	33.8	-8.8	-7.8	-5.2	0.2	-21.5	13.4	33.7	43.6
EPS (adj.)	0.01	0.07	0.10	0.20	0.21	0.10	0.61	-0.16	-0.12	-0.09	0.00	-0.37	0.24	0.61	0.79
EPS (rep.)	0.01	0.06	0.10	0.20	0.21	0.10	0.61	-0.16	-0.14	-0.09	0.00	-0.39	0.24	0.61	0.79

Key figures	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	730.3 %	278.1 %	384.9 %	235.5 %	122.0 %	119.0 %	173.7 %	-23.6 %	-21.2 %	-15.0 %	-7.2 %	-16.0 %	34.0 %	30.0 %	22.0 %
Adjusted EBIT growth-%			-788.8 %	671.5 %	504.7 %		507.5 %	-256.5 %	-161.1 %	-140.6 %	-93.0 %	-160.7 %	-166.8 %	155.5 %	29.6 %
EBITDA-%			14.1 %	21.2 %	22.1 %	9.4 %	16.6 %	-20.1 %	-12.2 %	-4.6 %	4.6 %	-6.2 %	8.8 %	13.9 %	13.6 %
Adjusted EBIT-%			12.4 %	19.2 %	19.8 %	6.7 %	14.4 %	-25.3 %	-14.9 %	-9.5 %	0.5 %	-10.4 %	5.2 %	10.2 %	10.8 %
Net earnings-%			10.2 %	15.2 %	16.1 %	6.5 %	11.9 %	-20.6 %	-13.7 %	-8.4 %	0.3 %	-9.0 %	4.2 %	8.1 %	8.6 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	24.3	44.2	58.2	66.7	72.8
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	2.6	1.8	1.8	1.8	1.8
Tangible assets	21.1	38.2	52.2	60.7	66.8
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	1.4	1.4	1.4	1.4
Deferred tax assets	0.6	2.8	2.8	2.8	2.8
Current assets	130	194	225	330	452
Inventories	27.1	51.6	57.6	75.6	96.3
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	28.7	42.1	57.7	74.2	92.3
Cash and equivalents	74.0	99.8	110	180	263
Balance sheet total	154	238	284	397	524

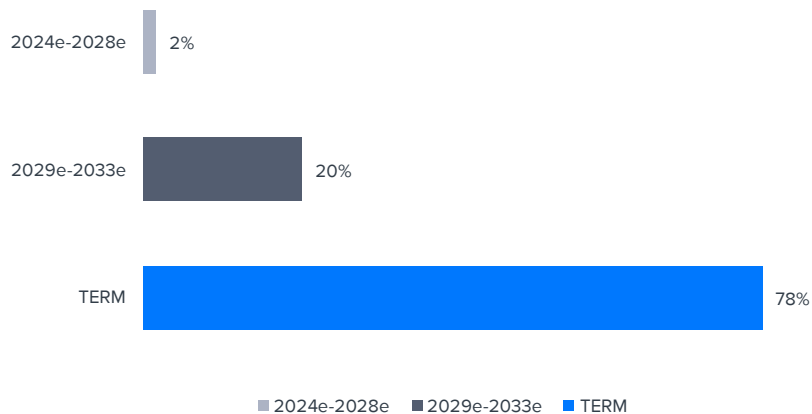
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	101	133	111	125	158
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	6.4	42.4	20.9	34.3	68.0
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	94.2	90.4	90.4	90.4	90.4
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	16.0	24.4	70.1	130	182
Deferred tax liabilities	0.4	0.0	0.0	0.0	0.0
Provisions	2.4	3.8	3.8	3.8	3.8
Interest bearing debt	13.3	20.5	66.2	126	178
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.1	0.1	0.1	0.1
Current liabilities	37.5	80.4	102	142	184
Interest bearing debt	2.4	4.7	15.2	28.8	40.8
Payables	35.1	75.7	87.0	113	143
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	154	238	284	397	524

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	173.7 %	-16.0 %	34.0 %	30.0 %	22.0 %	20.0 %	10.0 %	10.0 %	10.0 %	10.0 %	3.0 %	3.0 %
EBIT-%	14.3 %	-10.8 %	5.2 %	10.2 %	10.8 %	11.8 %	12.6 %	12.8 %	12.8 %	12.0 %	12.0 %	12.0 %
EBIT (operating profit)	40.6	-25.8	16.5	42.2	54.7	72.0	84.4	94.1	104	107	110	
+ Depreciation	6.5	11.0	11.5	15.5	14.2	14.6	15.4	16.2	16.4	17.9	19.1	
- Paid taxes	-11.9	3.8	-3.6	-9.0	-11.6	-15.2	-17.8	-19.9	-21.8	-22.5	-23.2	
- Tax, financial expenses	0.5	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	2.8	-10.4	-8.1	-8.9	-7.5	-7.5	-2.7	-6.3	-6.9	-3.2	-2.4	
Operating cash flow	38.5	-21.4	16.5	39.9	49.9	63.9	79.3	84.2	91.2	99.0	104	
+ Change in other long-term liabilities		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX		-25.0	-20.0	-21.5	-22.7	-23.8	-24.4	-25.0	-25.6	-25.6	-23.3	
Free operating cash flow		-46.4	-3.5	18.4	27.2	40.1	54.9	59.2	65.6	73.3	80.2	
+/- Other		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF		-46.4	-3.5	18.4	27.2	40.1	54.9	59.2	65.6	73.3	80.2	1511
Discounted FCFF		-44.8	-3.2	15.1	20.6	28.0	35.3	35.1	35.8	36.9	37.2	701
Sum of FCFF present value		898	942	946	930	910	882	847	811	776	739	701
Enterprise value DCF		898										
- Interest bearing debt		-25.2										
+ Cash and cash equivalents		99.8										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		972										
Equity value DCF per share		17.6										

Cash flow distribution

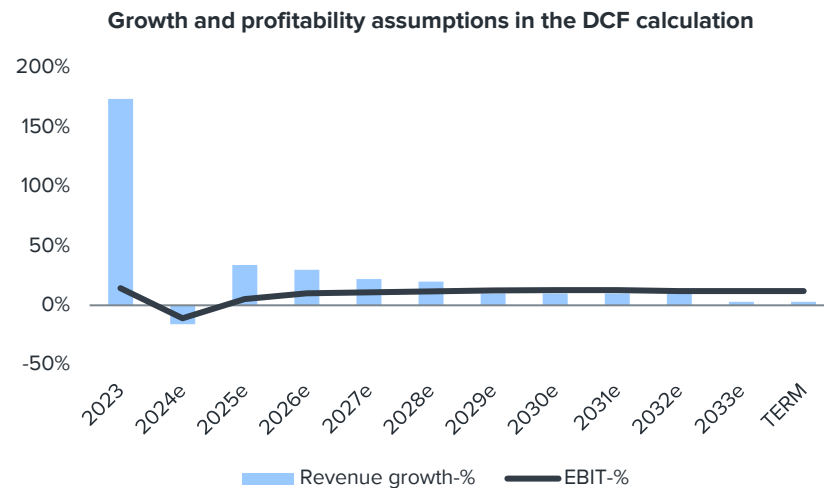
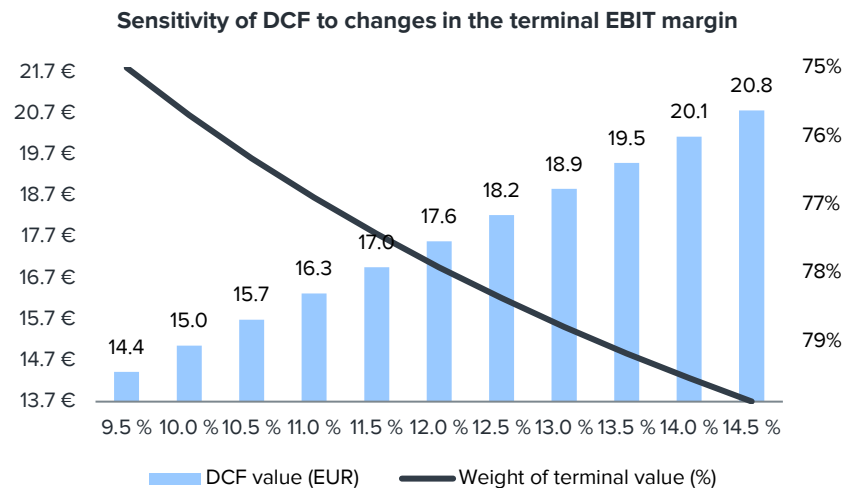
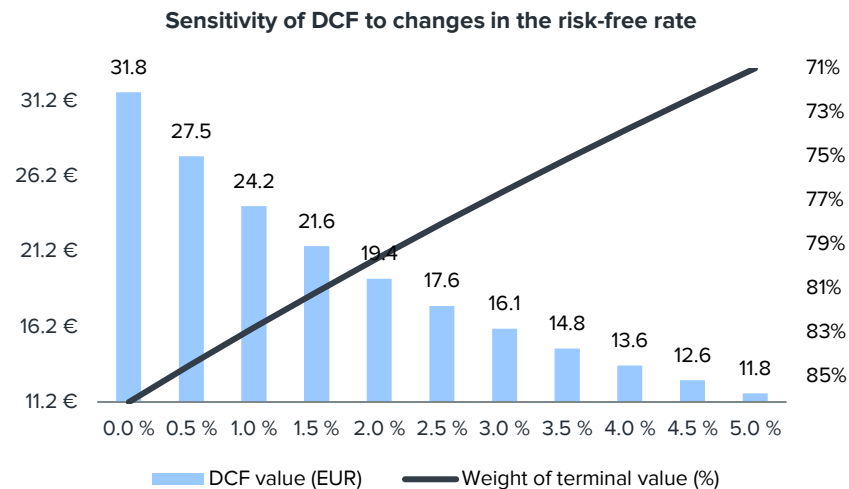
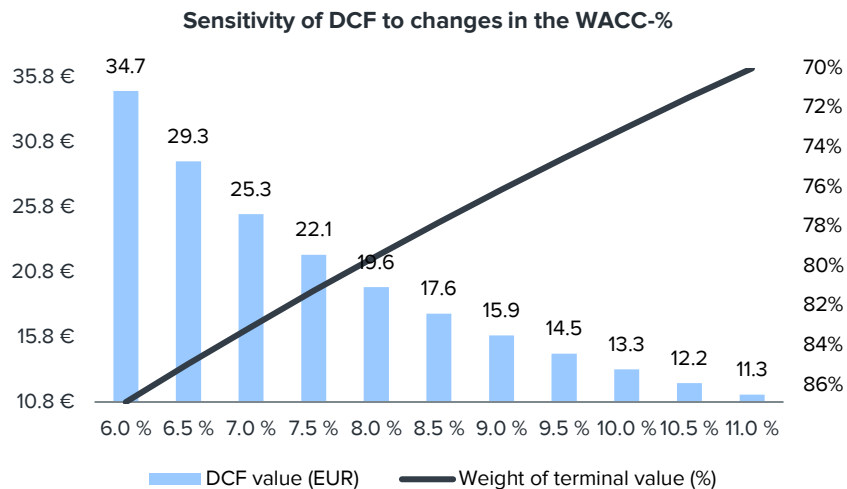


WACC

Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	3.0 %
Equity Beta	1.40
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	9.2 %
Weighted average cost of capital (WACC)	8.5 %

Source: Inderes

DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	27.4	103.6	283.6	238.2	319.2	EPS (reported)	0.01	0.06	0.61	-0.39	0.24
EBITDA	0.5	9.5	47.1	-14.9	28.0	EPS (adj.)	0.01	0.07	0.61	-0.37	0.24
EBIT	-0.6	6.1	40.6	-25.8	16.5	OCF / share	0.00	-0.16	0.70	-0.39	0.30
PTP	-0.8	4.8	43.1	-25.3	17.0	FCF / share	-0.14	-0.53	0.29	-0.84	-0.06
Net Income	0.3	3.4	33.8	-21.5	13.4	Book value / share	1.76	1.81	2.40	2.01	2.26
Extraordinary items	0.0	-0.6	-0.1	-1.1	0.0	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	108.5	154.2	237.7	283.6	396.6	Revenue growth-%	730%	278%	174%	-16%	34%
Equity capital	97.5	100.7	132.9	111.4	124.8	EBITDA growth-%	-124%	1800%	396%	-132%	-288%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	-73%	-1217%	507%	-161%	-167%
Net debt	-89.3	-58.3	-74.6	-28.6	-25.4	EPS (adj.) growth-%		1287%	718%	-160%	-166%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	1.8 %	9.2 %	16.6 %	-6.2 %	8.8 %
EBITDA	0.5	9.5	47.1	-14.9	28.0	EBIT (adj.)-%	-2.2 %	6.5 %	14.4 %	-10.4 %	5.2 %
Change in working capital	-0.6	-17.2	2.8	-10.4	-8.1	EBIT-%	-2.2 %	5.9 %	14.3 %	-10.8 %	5.2 %
Operating cash flow	-0.1	-8.6	38.5	-21.4	16.5	ROE-%	0.6 %	3.5 %	28.9 %	-17.6 %	11.4 %
CAPEX	-4.4	-23.2	-24.2	-25.0	-20.0	ROI-%	-1.2 %	5.7 %	29.6 %	-14.7 %	7.0 %
Free cash flow	-7.7	-29.7	15.8	-46.4	-3.5	Equity ratio	89.9 %	65.3 %	55.9 %	39.3 %	31.5 %
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	-91.5 %	-57.9 %	-56.1 %	-25.7 %	-20.4 %
EV/S	20.2	10.0	5.3	2.9	2.2						
EV/EBITDA	>100	>100	32.1	neg.	25.1						
EV/EBIT (adj.)	neg.	>100	37.2	neg.	42.6						
P/E (adj.)	>100	>100	46.9	neg.	54.2						
P/B	6.6	10.8	11.9	6.5	5.8						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
8/15/2022	Accumulate	20.00 €	18.35 €
10/30/2022	Accumulate	22.00 €	19.64 €
2/15/2023	Reduce	27.00 €	27.56 €
4/14/2023	Accumulate	30.00 €	27.30 €
4/20/2023	Accumulate	32.00 €	28.80 €
7/19/2023	Accumulate	43.00 €	41.68 €
7/25/2023	Reduce	43.00 €	42.84 €
9/18/2023	Accumulate	52.00 €	46.10 €
10/19/2023	Accumulate	44.00 €	37.88 €
10/31/2023	Buy	44.00 €	29.59 €
2/9/2024	Buy	41.00 €	28.72 €
2/15/2024	Buy	32.00 €	22.72 €
3/25/2024	Buy	32.00 €	19.55 €
4/25/2024	Buy	28.00 €	17.37 €
7/12/2024	Reduce	19.00 €	22.40 €
7/24/2024	Accumulate	16.00 €	13.17 €



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