

# Componenta Oyj

## Company report

7/24/2024



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✓ Inderes corporate customer

This report is a summary translation of the report “Tukevammalla maaperällä” published on 7/23/2024 at 11:45 am EEST

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# On firmer ground

Componenta's Q2 figures were better than expected, except for financial expenses. The market outlook is mixed but positive overall. After a stronger-than-expected Q2, our profitability forecasts have increased. There is still a lot of justified upside in the stock. We therefore reiterate our Accumulate recommendation. We keep the target price unchanged at EUR 3.60 until the pending acquisition can be meaningfully factored into our forecasts.

## Q2 on the right track

Q2 revenue was slightly ahead of our expectations, although down 10% y/y. Revenue reflected the weak order backlog in Q1 as well as the lower main raw material and energy index levels included in sales prices. Of the total H1'24 revenue decline (-17% y/y), the drop by customer sector was most pronounced in machine building, agricultural machinery and forestry machinery, but this was compensated by the energy industry and particularly the defense industry. The Q2 result was better than expected and the EBITDA margin of 7.8% was already close to the level of Q2'23 (8.8%). Profitability was no longer significantly affected by the quality problems in the ramp-up of volume products, which had previously weighed on the result, but rather under pressure from lower-than-normal volumes. Componenta noted, however, that at the Q2 revenue level, capacity utilization in most factories was "above the critical point" in terms of profitability.

## Upturn in sight

Componenta's outlook comments for 2024 were unchanged. Even though there is some variation in order intake by customer and industry, the outlook for 2024 as a whole remains broadly positive. Componenta still expects volumes in H2'24 to be higher than in H1'24. Serial products are expected to have a positive impact on the result as deliveries rise to their expected level. Among customer industries, agricultural machinery (incl. tractors) is the weakest, but in the machine building, customer order books are starting to show signs of growth. The outlook for forestry machinery is flat, but there is a clear upturn in the energy and particularly the defense industries. Componenta still continues to expect 2024 revenue and EBITDA to improve from the previous year, with the improvement clearly concentrated in H2'24. The Q2 numbers were a positive surprise and reduced the pressure to meet guidance. With better-than-expected Q2 profitability and mostly positive outlook comments, we have raised our EBITDA forecasts for 2024-2026 by 7 to 10 %.

## A lot of share price potential on the table

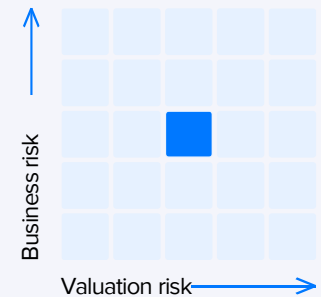
According to our calculations, the expected total return on Componenta's share clearly exceeds the required return. With the 2025 EV/EBITDA calculation, the total return is +27% p.a., which is far above the ROE requirement of 12%. Using a P/E-based calculation, the total expected return is a more modest +16%, but still above the required return. Overall, the stock's risk-adjusted return remains attractive. The stock's discount of the 2025 EV/EBITDA, EV/EBIT and P/E multiples is -30...-42% relative to the peer median, well above the -25% we believe is justified. All in all, the stock is also cheaply priced on a peer basis. The DCF model indicates a EUR 4.4 value for the share to which there is a substantial upside of +45%.

## Recommendation

**Accumulate**  
(previous Accumulate)

**EUR 3.60**  
(previous EUR 3.60)

**Share price:**  
3.04



## Key figures

	2023	2024e	2025e	2026e
<b>Revenue</b>	101.8	106.5	112.7	127.6
<b>growth-%</b>	-7%	5%	6%	13%
<b>EBIT adj.</b>	-0.5	3.0	4.7	7.1
<b>EBIT-% adj.</b>	-0.5 %	2.8 %	4.1 %	5.6 %
<b>Net Income</b>	1.5	0.6	3.1	5.7
<b>EPS (adj.)</b>	-0.28	0.07	0.32	0.59
<b>P/E (adj.)</b>	>100	46.2	9.5	5.1
<b>P/B</b>	0.9	1.1	1.0	0.9
<b>Dividend yield-%</b>	0.0 %	0.0 %	4.6 %	8.2 %
<b>EV/EBIT (adj.)</b>	neg.	12.9	7.7	4.5
<b>EV/EBITDA</b>	6.0	4.6	3.5	2.5
<b>EV/S</b>	0.3	0.4	0.3	0.3

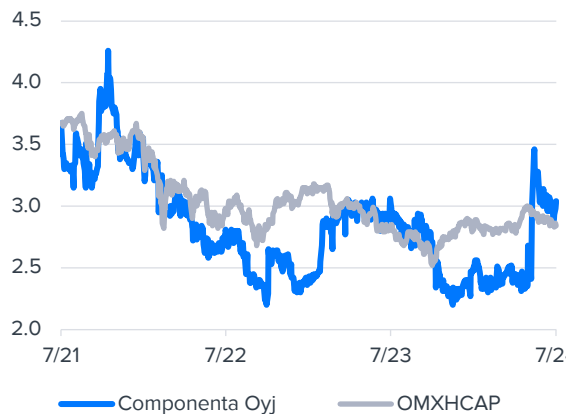
Source: Inderes

## Guidance

(Unchanged)

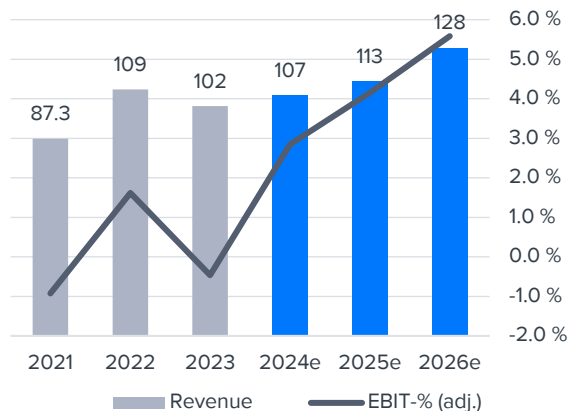
Componenta expects the Group's revenue and EBITDA for 2024 to improve from the previous year. The annual improvement is expected to focus clearly on H2'24.

## Share price



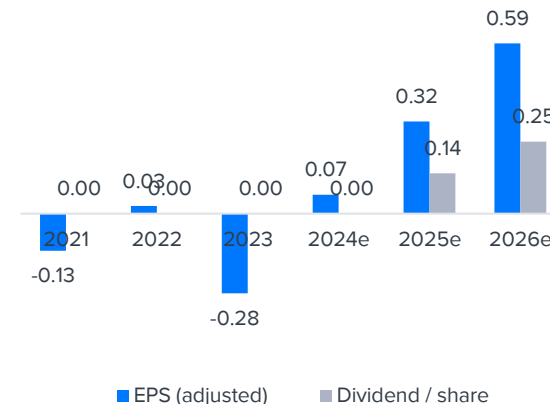
Source: Millistream Market Data AB

## Revenue and EBIT-%



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- Customer sector risk highly diversified
- Long-term customer relationships with global OEMs
- Cost changes can be quickly transferred to own prices
- Valuation has a lot of historical baggage



## Risk factors

- Traditionally low-margin sector
- Customer sectors individually cyclical
- One big customer dependency

Valuation	2024e	2025e	2026e
Share price	3.04	3.04	3.04
Number of shares, millions	9.71	9.71	9.71
Market cap	30	30	30
EV	39	36	32
P/E (adj.)	46.2	9.5	5.1
P/E	46.2	9.5	5.1
P/B	1.1	1.0	0.9
P/S	0.3	0.3	0.2
EV/Sales	0.4	0.3	0.3
EV/EBITDA	4.6	3.5	2.5
EV/EBIT (adj.)	12.9	7.7	4.5
Payout ratio (%)	0.0 %	43.7 %	42.3 %
Dividend yield-%	0.0 %	4.6 %	8.2 %

Source: Inderes

# Q2 on the right track

## Exceeding expectations

Componenta's Q2 figures were better than expected, except for financial expenses.

## Varying customer sector attractiveness

Q2 revenue was slightly ahead of our expectations, although down 10% y/y. Revenue reflected the weak order backlog in Q1 as well as the lower main raw material and energy index levels included in sales prices. Of the total H1'24 revenue decline (-17% y/y), the drop by customer sector was most pronounced in machine building (-21% y/y), agricultural machinery (i.e. tractors; -44% y/y) and forestry machinery (-17% y/y). This was compensated by the energy industry (+14% y/y) and particularly the defense industry (+232% y/y), whose revenue increased from 1.8 MEUR to 6.0 MEUR and whose share of group revenue increased from 3% to 12%. The order book

(10.8 MEUR), which includes binding deliveries for the next two months, showed a slight increase of 4% y/y. However, the order book developed weaker than Componenta had expected following Q1.

## Margin pressures eased

The Q2 result was better than expected and the EBITDA margin of 7.8% was already close to the level of Q2'23 (8.8%). In Q2'24, profitability was no longer significantly affected by the quality problems in the ramp-up of volume products, which had still weighed on the result in Q1'24, but rather under pressure from lower-than-normal volumes. Componenta noted, however, that at the Q2 revenue level of 26 MEUR, capacity utilization in most factories was "above the critical point" in terms of profitability.

Financial expenses (-0.65 MEUR) were higher than expected. This was due to the costs of the working

capital loan drawn down during the period and the credit facility in use. Taxes remained at zero.

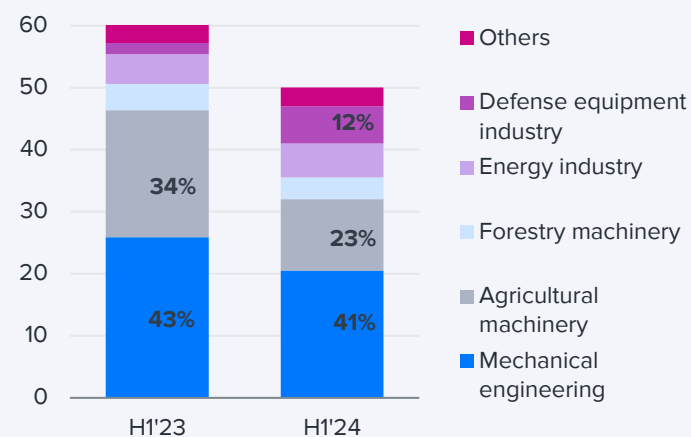
## Balance sheet slightly burdened, but heading in the right direction

Operating cash flow in Q2 was +2.6 MEUR, resulting in a decrease of net interest-bearing debt to 8.9 MEUR from 10.5 MEUR in Q1'24. Due to the weak profitability in H2'23, the net debt/EBITDA ratio was burdened (5.0x) but is already moving in the right direction. The net gearing ratio at the end of Q2 was a reasonable 38%.

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	29.5	26.4	25.7				3%	107
EBITDA	2.6	2.1	1.7				21%	8.5
EBIT (adj.)	1.1	0.9	0.2				282%	3.0
EBIT	1.1	0.9	0.2				282%	3.0
PTP	0.5	0.3	-0.2				249%	0.6
EPS (adj.)	0.05	0.03	-0.02				255%	0.07
EPS (reported)	0.05	0.01	-0.02				154%	0.07
Revenue growth-%	2.1 %	-10.4 %	-13.0 %				2.7 pp	4.6 %
EBIT-% (adj.)	3.8 %	3.5 %	0.9 %				2.5 pp	2.8 %

Source: Inderes

Revenue by customer sector, MEUR



# Upturn in sight

## Towards better

Componenta's market outlook is mixed but positive overall. After a stronger-than-expected Q2, our profitability forecasts have increased.

## Customers at different stages of the business cycle

Componenta's outlook comments for 2024 were unchanged. Even though there is some variation in order intake by customer and industry, the overall outlook for 2024 remains broadly positive.

Componenta still expects volumes in H2'24 to be higher than in H1'24. Serial products are expected to have a positive impact on the result as deliveries rise to their expected level.

Among the customer industries, the weakest is agricultural machinery (incl. tractors), where demand has been subdued all year and where the CEMA index of activity in the industry has been below -50 every

month in 2024. However, the share of manufacturers in the industry expecting a revenue decline is decreasing, promising a cautious turn for the better. In mechanical engineering, Componenta says that customer order books are starting to show signs of growth. The outlook for forestry machinery is flat, but there is a clear upturn in the energy industry and particularly in the defense industry.

## Guidance on a stronger footing

Componenta still expects 2024 revenue and EBITDA to improve compared to the previous year (101.8 MEUR and 5.3 MEUR). The improvement is expected to focus strongly on H2'24. The lower end of the guidance assumes around +25% year-on-year revenue growth in H2'24 after a weak comparison period and an EBITDA margin of around 6.5% in the same period (H2'23 act. -0.3%). The Q2 numbers were a positive surprise and reduced the pressure to meet guidance.

## Increased margin expectations

With better-than-expected Q2 profitability and mostly positive outlook comments, we have raised our EBITDA forecasts for 2024-2026 by 7 to 10 %. In the lower lines of the income statement, the changes are larger in terms of percentage but of the same magnitude in euros. Our forecasts had already taken into account the approximately 50 MEUR order from the Finnish Defense Forces, which was secured in June. However, we have not yet taken into account the acquisition of the operations of the Kalajoki plant and the Sepänkylä machining and service center from Fortaco, which is likely to take place at the beginning of Q4. Given the high volatility of the acquisition target's revenue and its poor profitability history, a more detailed understanding of the target's potential is required to make meaningful forecasts.

Estimate revisions MEUR / EUR	2024e	2024e	Change %	2025e	2025e	Change %	2026e	2026e	Change %
	Old	New		Old	New		Old	New	
Revenue	104	107	2%	112	113	0%	124	128	3%
EBITDA	7.8	8.5	10%	9.8	10.4	7%	12.2	12.7	4%
EBIT (exc. NRIs)	1.8	3.0	69%	4.1	4.7	14%	6.7	7.1	7%
EBIT	1.8	3.0	69%	4.1	4.7	14%	6.7	7.1	7%
PTP	0.0	0.6	9523%	2.5	3.1	23%	5.3	5.7	9%
EPS (excl. NRIs)	0.00	0.07	3907%	0.26	0.32	23%	0.54	0.59	9%
DPS	0.00	0.00		0.12	0.14	17%	0.23	0.25	9%

Source: Inderes

# A lot of share price potential on the table

## Volume growth = earnings growth

In our previous updates, we have called for volume growth as Componenta's earnings driver. The capacity utilization rate above the critical point, as shown by the Q2 figures, translates into a strong improvement in profitability. Componenta's future volume growth will be supported by: 1) the improving demand outlook for the customer industries as a whole; 2) the H1'24 ramp-up of new volume products; 3) the aforementioned order from the Finnish Defense Forces; and 4) the pending acquisition of Fortaco's Kalajoki and Sepänkylä units. At the same time, Componenta's strengths of close relationships with well-known customers, improved cost flexibility and a still strong balance sheet remain unchanged.

Our forecast increases, combined with the pressure on the share price in recent weeks, mean that there is still plenty of justified upside in the stock. We therefore reiterate our Accumulate recommendation. In order to keep the frequency of price target changes reasonable, we leave the target price unchanged at EUR 3.60, despite the forecast changes, until the pending acquisition can be meaningfully factored into our forecasts.

## Risk-adjusted return remains attractive

According to our calculations, the total expected return on Componenta's share (upside potential based on earnings growth and expected change in valuation multiples plus dividend yield) clearly exceeds the required return. With the 2025 EV/EBITDA calculation (EV/EBITDA = 5x), the total return is +27% p.a. (upside potential +22 % and dividend yield +5%), which significantly exceeds the ROE requirement of 12%. Using a P/E-based

calculation (2025e P/E = 11x), the total expected return is a more modest +16% (price potential +11% and dividend yield +5%), but still above the required return. Overall, we still find the stock's risk-adjusted return attractive.

## Peer valuation signals a large discount

All of Componenta's key valuation multiples for 2025 are well below the peer group median. The discount of EV/EBITDA, EV/EBIT and P/E multiples is -30...-42%, clearly more than the -25% we believe is justified. All in all, the stock is also cheaply priced on a peer basis.

## DCF upside is extensive

The DCF model indicates Componenta a share value of EUR 4.4, with an upside of +45%. The parameters of the DCF model involve a substantial leverage effect in both directions, but overall the upside is significant. A more detailed calculation can be found in the appendices.

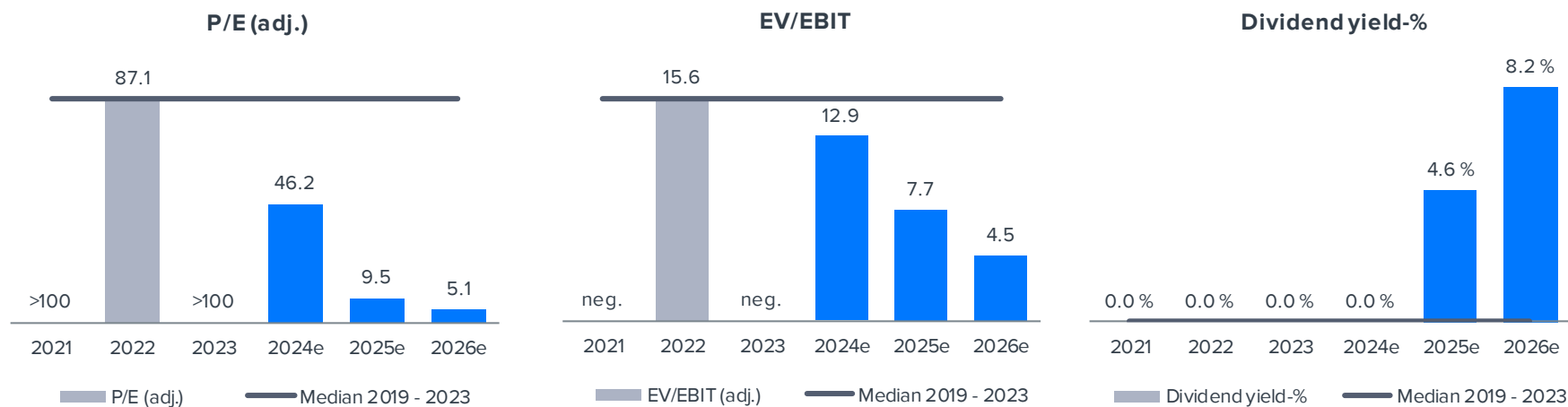
Valuation	2024e	2025e	2026e
Share price	3.04	3.04	3.04
Number of shares, millions	9.71	9.71	9.71
Market cap	30	30	30
EV	39	36	32
P/E (adj.)	46.2	9.5	5.1
P/E	46.2	9.5	5.1
P/B	1.1	1.0	0.9
P/S	0.3	0.3	0.2
EV/Sales	0.4	0.3	0.3
EV/EBITDA	4.6	3.5	2.5
EV/EBIT (adj.)	12.9	7.7	4.5
Payout ratio (%)	0.0 %	43.7 %	42.3 %
Dividend yield-%	0.0 %	4.6 %	8.2 %

Source: Inderes

# Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price		3.16	3.34	2.34	2.35	<b>3.04</b>	<b>3.04</b>	<b>3.04</b>	<b>3.04</b>
Number of shares, millions	237.3	9.49	9.52	9.71	9.71	<b>9.71</b>	<b>9.71</b>	<b>9.71</b>	<b>9.71</b>
Market cap		30	32	23	23	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>
EV	8.7	27	39	28	32	<b>39</b>	<b>36</b>	<b>32</b>	<b>28</b>
P/E (adj.)	>100	>100	>100	87.1	>100	<b>46.2</b>	<b>9.5</b>	<b>5.1</b>	<b>4.2</b>
P/E	>100	>100	>100	>100	14.7	<b>46.2</b>	<b>9.5</b>	<b>5.1</b>	<b>4.2</b>
P/B	0.0	1.3	1.4	1.0	0.9	<b>1.1</b>	<b>1.0</b>	<b>0.9</b>	<b>0.8</b>
P/S	0.0	0.4	0.4	0.2	0.2	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>
EV/Sales	0.2	0.4	0.4	0.3	0.3	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>
EV/EBITDA	5.5	7.3	7.8	3.9	6.0	<b>4.6</b>	<b>3.5</b>	<b>2.5</b>	<b>2.0</b>
EV/EBIT (adj.)	neg.	neg.	neg.	15.6	neg.	<b>12.9</b>	<b>7.7</b>	<b>4.5</b>	<b>3.4</b>
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>43.7 %</b>	<b>42.3 %</b>	<b>50.0 %</b>
Dividend yield-%		0.0 %	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>4.6 %</b>	<b>8.2 %</b>	<b>12.0 %</b>

Source: Inderes



# Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Norrhydro	17	17		8.4	8.4	4.2	0.6	0.4		30.3	4.0	4.6	2.1
Castings plc	180	142	6.0	9.1	4.2	5.2	0.5	0.6	9.7	14.2	5.1	5.3	
Georg Fischer	5642	7821	15.5	14.0	11.7	10.7	1.5	1.5	18.2	15.4	2.1	2.3	3.0
ElringKlinger	312	721	7.6	6.6	3.4	3.2	0.4	0.4	6.7	5.3	4.3	5.7	0.4
Kesla	13	26	25.9	13.0	8.6	6.5	0.6	0.6	18.1	9.1	2.6	4.7	1.0
Ponsse	742	787	18.0	14.3	10.2	9.0	1.1	1.0	28.6	18.5	2.1	2.5	2.2
Wärtsilä	11329	11091	16.1	14.1	13.3	12.0	1.7	1.5	23.8	20.5	2.2	2.4	4.5
AGCO	6973	8140	6.4	6.6	5.4	5.5	0.7	0.7	9.3	9.5	3.4	2.4	1.5
<b>Componenta Oyj (Inderes)</b>	<b>30</b>	<b>39</b>	<b>12.9</b>	<b>7.7</b>	<b>4.6</b>	<b>3.5</b>	<b>0.4</b>	<b>0.3</b>	<b>46.2</b>	<b>9.5</b>	<b>0.0</b>	<b>4.6</b>	<b>1.1</b>
<b>Average</b>			<b>13.7</b>	<b>10.8</b>	<b>8.2</b>	<b>7.0</b>	<b>0.9</b>	<b>0.8</b>	<b>16.3</b>	<b>15.3</b>	<b>3.2</b>	<b>3.7</b>	<b>2.1</b>
<b>Median</b>			<b>15.5</b>	<b>11.0</b>	<b>8.5</b>	<b>6.0</b>	<b>0.6</b>	<b>0.7</b>	<b>18.1</b>	<b>14.8</b>	<b>3.0</b>	<b>3.6</b>	<b>2.1</b>
<b>Diff-% to median</b>			<b>-17%</b>	<b>-30%</b>	<b>-46%</b>	<b>-42%</b>	<b>-42%</b>	<b>-52%</b>	<b>155%</b>	<b>-36%</b>	<b>-100%</b>	<b>29%</b>	<b>-47%</b>

Source: Refinitiv / Inderes



# Income statement

Income statement	2021	2022	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
<b>Revenue</b>	<b>87.3</b>	<b>109</b>	<b>102</b>	<b>23.6</b>	<b>26.4</b>	<b>25.5</b>	<b>31.0</b>	<b>107</b>	<b>113</b>	<b>128</b>	<b>138</b>
Group	87.3	109	102	23.6	26.4	25.5	31.0	107	113	128	138
<b>EBITDA</b>	<b>5.0</b>	<b>7.1</b>	<b>5.3</b>	<b>-0.2</b>	<b>2.1</b>	<b>2.2</b>	<b>4.4</b>	<b>8.5</b>	<b>10.4</b>	<b>12.7</b>	<b>13.9</b>
Depreciation	-4.9	-5.5	-1.5	-1.6	-1.2	-1.4	-1.4	-5.5	-5.8	-5.6	-5.7
<b>EBIT (excl. NRI)</b>	<b>-0.8</b>	<b>1.8</b>	<b>-0.5</b>	<b>-1.7</b>	<b>0.9</b>	<b>0.8</b>	<b>3.0</b>	<b>3.0</b>	<b>4.7</b>	<b>7.1</b>	<b>8.2</b>
<b>EBIT</b>	<b>0.0</b>	<b>1.6</b>	<b>3.8</b>	<b>-1.7</b>	<b>0.9</b>	<b>0.8</b>	<b>3.0</b>	<b>3.0</b>	<b>4.7</b>	<b>7.1</b>	<b>8.2</b>
Group	0.0	1.6	3.8	-1.7	0.9	0.8	3.0	3.0	4.7	7.1	8.2
Share of profits in assoc. compan.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-0.4	-1.7	-2.2	-0.5	-0.6	-0.6	-0.6	-2.4	-1.6	-1.4	-1.1
<b>PTP</b>	<b>-0.4</b>	<b>-0.1</b>	<b>1.6</b>	<b>-2.3</b>	<b>0.3</b>	<b>0.2</b>	<b>2.4</b>	<b>0.6</b>	<b>3.1</b>	<b>5.7</b>	<b>7.1</b>
Taxes	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net earnings</b>	<b>-0.4</b>	<b>0.1</b>	<b>1.5</b>	<b>-2.3</b>	<b>0.3</b>	<b>0.2</b>	<b>2.4</b>	<b>0.6</b>	<b>3.1</b>	<b>5.7</b>	<b>7.1</b>
<b>EPS (adj.)</b>	<b>-0.13</b>	<b>0.03</b>	<b>-0.28</b>	<b>-0.23</b>	<b>0.03</b>	<b>0.02</b>	<b>0.25</b>	<b>0.07</b>	<b>0.32</b>	<b>0.59</b>	<b>0.73</b>
<b>EPS (rep.)</b>	<b>-0.04</b>	<b>0.01</b>	<b>0.16</b>	<b>-0.23</b>	<b>0.03</b>	<b>0.02</b>	<b>0.25</b>	<b>0.07</b>	<b>0.32</b>	<b>0.59</b>	<b>0.73</b>
<b>Key figures</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Q1'24</b>	<b>Q2'24</b>	<b>Q3'24e</b>	<b>Q4'24e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>
<b>Revenue growth-%</b>	24.6 %	25.0 %	-6.7 %	-23.3 %	-10.4 %	28.1 %	43.2 %	4.6 %	5.8 %	13.2 %	7.9 %
<b>Adjusted EBIT growth-%</b>		-318.4 %	-126.8 %	-224.6 %	-18.7 %	-176.6 %	-257.0 %	-741.6 %	54.1 %	52.4 %	15.7 %
<b>EBITDA-%</b>	5.7 %	6.5 %	5.2 %	-0.6 %	7.8 %	8.6 %	14.3 %	8.0 %	9.3 %	10.0 %	10.1 %
<b>Adjusted EBIT-%</b>	-0.9 %	1.6 %	-0.5 %	-7.3 %	3.5 %	3.1 %	9.8 %	2.8 %	4.1 %	5.6 %	6.0 %
<b>Net earnings-%</b>	-0.5 %	0.1 %	1.5 %	-9.6 %	1.1 %	0.8 %	7.8 %	0.6 %	2.8 %	4.5 %	5.2 %

Source: Inderes

# Balance sheet

Assets	2022	2023	2024e	2025e	2026e
<b>Non-current assets</b>	<b>32.8</b>	<b>36.6</b>	<b>36.8</b>	<b>37.0</b>	<b>37.4</b>
Goodwill	3.2	3.2	3.2	3.2	3.2
Intangible assets	2.0	2.0	2.0	2.1	2.1
Tangible assets	27.0	31.0	31.2	31.2	31.6
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	0.5	0.4	0.5	0.5	0.5
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
<b>Current assets</b>	<b>25.8</b>	<b>20.7</b>	<b>22.9</b>	<b>27.5</b>	<b>33.3</b>
Inventories	13.3	12.6	13.2	14.0	15.8
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	3.9	2.8	4.4	4.6	5.2
Cash and equivalents	8.6	5.3	5.3	8.9	12.2
<b>Balance sheet total</b>	<b>58.6</b>	<b>57.3</b>	<b>59.8</b>	<b>64.5</b>	<b>70.7</b>

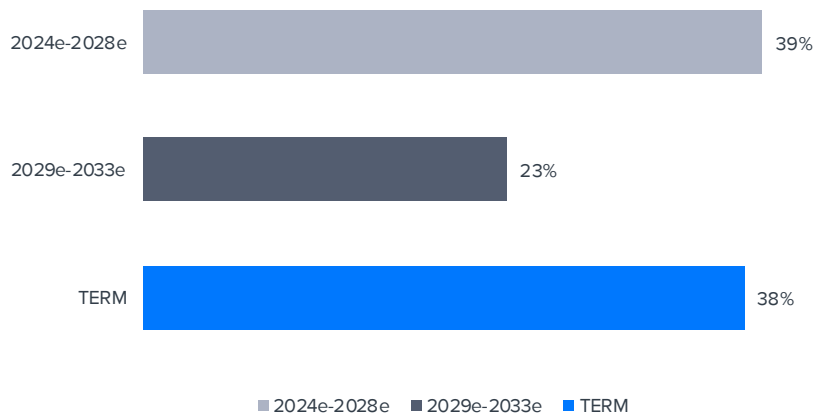
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
<b>Equity</b>	<b>23.9</b>	<b>25.6</b>	<b>26.2</b>	<b>29.3</b>	<b>33.7</b>
Share capital	1.0	1.0	1.0	1.0	1.0
Retained earnings	3.2	4.8	5.4	8.5	12.9
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	19.7	19.8	19.8	19.8	19.8
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>10.9</b>	<b>12.3</b>	<b>13.0</b>	<b>13.5</b>	<b>13.0</b>
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.4	0.3	0.4	0.4	0.4
Interest-bearing liabilities	9.9	11.3	12.0	12.5	12.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long-term liabilities	0.7	0.6	0.6	0.6	0.6
<b>Current liabilities</b>	<b>23.8</b>	<b>19.5</b>	<b>20.6</b>	<b>21.7</b>	<b>24.1</b>
Interest-bearing liabilities	3.6	3.1	3.0	3.1	3.0
Payables	20.2	16.4	17.6	18.6	21.1
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>58.6</b>	<b>57.3</b>	<b>59.8</b>	<b>64.5</b>	<b>70.7</b>

# DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-6.7 %	4.6 %	5.8 %	13.2 %	7.9 %	4.5 %	4.1 %	3.7 %	3.3 %	2.9 %	2.5 %	2.5 %
EBIT-%	3.7 %	2.8 %	4.1 %	5.6 %	6.0 %	5.6 %	5.3 %	4.9 %	4.6 %	3.8 %	3.5 %	3.5 %
<b>EBIT (operating profit)</b>	<b>3.8</b>	<b>3.0</b>	<b>4.7</b>	<b>7.1</b>	<b>8.2</b>	<b>8.1</b>	<b>7.9</b>	<b>7.6</b>	<b>7.3</b>	<b>6.3</b>	<b>5.9</b>	
+ Depreciation	1.5	5.5	5.8	5.6	5.7	5.8	5.9	6.0	6.1	6.2	6.4	
- Paid taxes	0.0	0.0	0.0	0.0	0.0	-1.4	-1.4	-1.4	-1.3	-1.1	-1.1	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	-0.2	-0.2	-0.2	-0.2	-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	-2.0	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Operating cash flow</b>	<b>3.3</b>	<b>7.5</b>	<b>10.4</b>	<b>12.7</b>	<b>13.9</b>	<b>12.3</b>	<b>12.2</b>	<b>12.1</b>	<b>12.0</b>	<b>11.3</b>	<b>11.1</b>	
+ Change in other long-term liabilities	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-5.4	-5.7	-5.9	-6.0	-6.2	-6.4	-6.5	-6.7	-6.9	-7.1	-7.3	
<b>Free operating cash flow</b>	<b>-2.2</b>	<b>1.8</b>	<b>4.6</b>	<b>6.7</b>	<b>7.7</b>	<b>5.9</b>	<b>5.6</b>	<b>5.4</b>	<b>5.1</b>	<b>4.2</b>	<b>3.8</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-2.2	1.8	4.6	6.7	7.7	5.9	5.6	5.4	5.1	4.2	3.8	49.8
<b>Discounted FCFF</b>		<b>1.7</b>	<b>4.0</b>	<b>5.3</b>	<b>5.5</b>	<b>3.8</b>	<b>3.3</b>	<b>2.8</b>	<b>2.4</b>	<b>1.8</b>	<b>1.5</b>	<b>19.6</b>
Sum of FCFF present value		51.8	50.1	46.1	40.9	35.4	31.5	28.2	25.4	23.0	21.2	19.6
<b>Enterprise value DCF</b>		<b>51.8</b>										
- Interest bearing debt		-14.4										
+ Cash and cash equivalents		5.3										
-Minorities		0.0										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>42.7</b>										
<b>Equity value DCF per share</b>		<b>4.4</b>										

Cash flow distribution

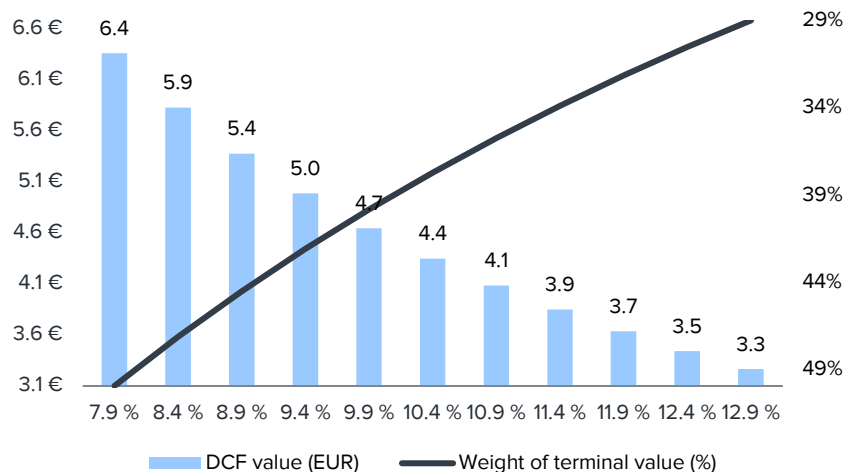


WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.5 %
Equity Beta	1.80
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>12.1 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>10.4 %</b>

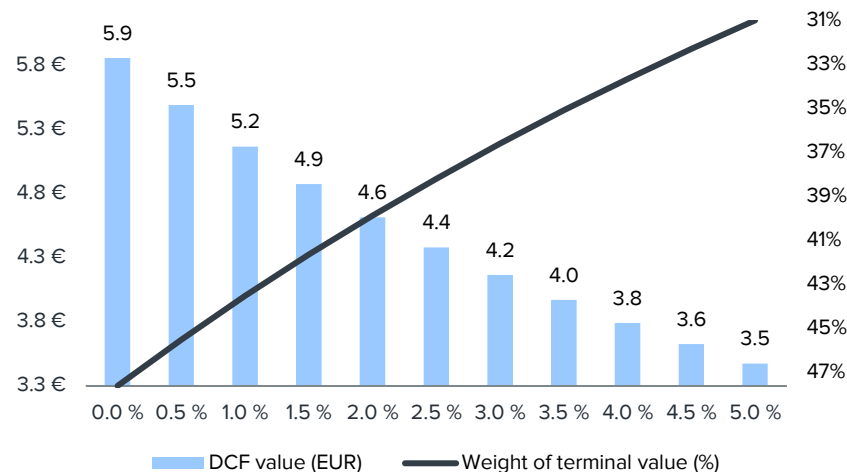
Source: Inderes

# DCF sensitivity calculations and key assumptions in graphs

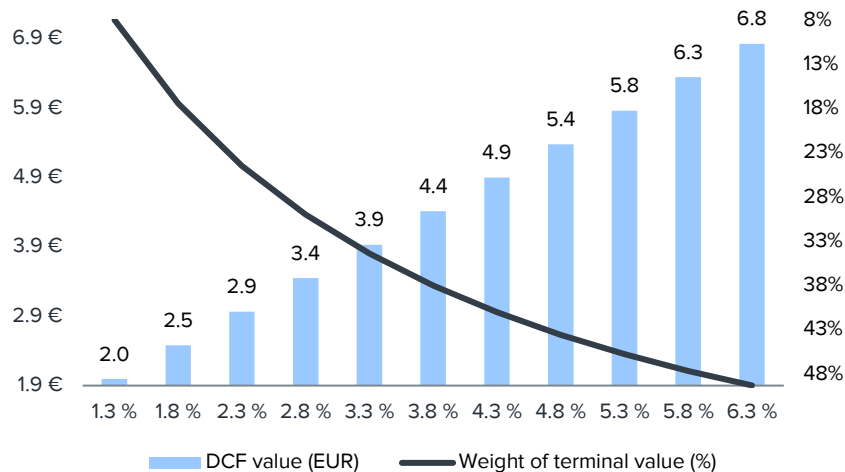
Sensitivity of DCF to changes in the WACC-%



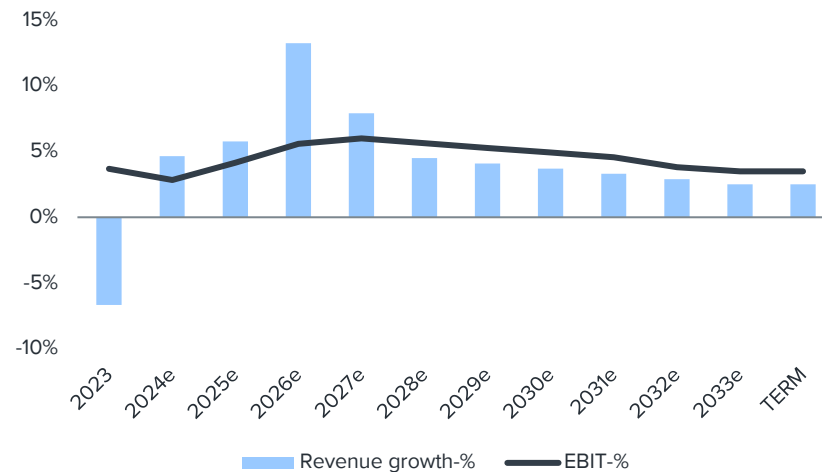
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



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	87.3	109.1	101.8	106.5	112.7	EPS (reported)	-0.04	0.01	0.16	0.07	0.32
EBITDA	5.0	7.1	5.3	8.5	10.4	EPS (adj.)	-0.13	0.03	-0.28	0.07	0.32
EBIT	0.0	1.6	3.8	3.0	4.7	OCF / share	0.27	0.78	0.34	0.78	1.07
PTP	-0.4	-0.1	1.6	0.6	3.1	FCF / share	-0.93	0.29	-0.23	0.19	0.47
Net Income	-0.4	0.1	1.5	0.6	3.1	Book value / share	2.46	2.46	2.63	2.70	3.02
Extraordinary items	0.8	-0.2	4.2	0.0	0.0	Dividend / share	0.00	0.00	0.00	0.00	0.14
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	55.5	58.6	57.3	59.8	64.5	Revenue growth-%	25%	25%	-7%	5%	6%
Equity capital	23.5	23.9	25.6	26.2	29.3	EBITDA growth-%	32%	43%	-26%	62%	22%
Goodwill	3.2	3.2	3.2	3.2	3.2	EBIT (adj.) growth-%	-72%	-318%	-127%	-742%	54%
Net debt	6.7	4.8	9.1	9.7	6.7	EPS (adj.) growth-%	-70%	-121%	-1130%	-124%	387%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	5.7 %	6.5 %	5.2 %	8.0 %	9.3 %
EBITDA	5.0	7.1	5.3	8.5	10.4	EBIT (adj.)-%	-0.9 %	1.6 %	-0.5 %	2.8 %	4.1 %
Change in working capital	-2.3	0.9	-2.0	-1.0	0.0	EBIT-%	0.0 %	1.4 %	3.7 %	2.8 %	4.1 %
Operating cash flow	2.6	7.6	3.3	7.5	10.4	ROE-%	-1.7 %	0.3 %	6.3 %	2.5 %	11.2 %
CAPEX	-2.0	-4.4	-5.4	-5.7	-5.9	ROI-%	3.2 %	4.3 %	9.9 %	7.7 %	11.1 %
Free cash flow	-8.9	2.8	-2.2	1.8	4.6	Equity ratio	42.3 %	40.8 %	44.6 %	43.8 %	45.4 %
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	28.6 %	20.2 %	35.6 %	37.0 %	22.9 %
EV/S	0.4	0.3	0.3	0.4	0.3						
EV/EBITDA	7.8	3.9	6.0	4.6	3.5						
EV/EBIT (adj.)	neg.	15.6	neg.	12.9	7.7						
P/E (adj.)	>100	87.1	>100	46.2	9.5						
P/B	1.4	1.0	0.9	1.1	1.0						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	4.6 %						

Source: Inderes

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Date	Recommendation	Target	Share price
9/19/2023	Accumulate	3.20 €	2.73 €
9/27/2023	Accumulate	3.20 €	2.90 €
11/6/2023	Accumulate	3.00 €	2.55 €
1/15/2024	Buy	3.00 €	2.27 €
3/3/2024	Buy	3.00 €	2.32 €
5/7/2024	Buy	2.80 €	2.31 €
6/6/2024	Accumulate	3.60 €	3.30 €
7/23/2024	Accumulate	3.60 €	3.04 €



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