

CapMan

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Vaikeassa markkinassa navigoitu tähän asti onnistuneesti” published on 17/28/2022 at 8:05 am

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res.**

So far, the difficult market has been successfully navigated

We revise CapMan's target price to EUR 3.0 (previous EUR 3.3) reflecting lower short-term estimates and increased uncertainty in the company's performance due to the weak market. Despite the challenging market situation, we still expect strong performance from the company, and relative to this, the share valuation is not high. When our estimates materialize, the expected return generated by low multiples and a strong dividend is already good. However, we would like to see further concrete signs of continued good performance in a difficult market and reiterate our Accumulate recommendation.

Clearly stronger than expected Q3 result

Q3 turnover was EUR 15.9 million, up 7% on the comparison period and well in line with our EUR 16.2 million estimate. AUM amounted to EUR 4,927 million in the review period, which is slightly below our EUR 5,060 million estimate, as the weakness of the market started to be more evident also in new sales. The services business continued its strong development and its turnover increased by 60% to EUR 3.1 million, clearly exceeding our estimate (2.3 MEUR). EBIT was EUR 12.7 million, fiercely exceeding our EUR 5.2 million estimate. The main explanation is investment income, which amounted to EUR 8 million while we expected zero. Adjusted for investment income, EBIT was slightly below our estimates, but this is purely explained by a difference in carried interest income (1 MEUR vs. 2 MEUR). The operating result was well in line with our expectations. Management comments were still quite positive, although the company warned for the first time that the fund raising markets were slowing down. However, the company believes that demand for its products remains good. The company now has to prove itself in fund raising over the next quarters after two quarters of slower sales.

A lot of estimate changes, big picture largely unchanged

Investment income estimates were cut in the short term due to the weakness of the capital market. Carried interest income were also cut due to the market, and there timing has been largely moved forward. No significant changes occurred in the Management Company business and the estimates for the Services segment were raised. As a whole, 2022 and 2023 estimates fell by 10-15% and starting from 2024 estimate changes were small. We expect CapMan's result to remain in the MEUR 40-50 range in the next few years. Investors should pay particular attention to the quality of the result, as the earnings mix is crucial to CapMan's value. At present, the earnings mix is still rather weak as it focuses on investment income. We believe that there are good preconditions for continued growth in the Management Company business, which is critical to the mix improving, as the AUM growth outlook is strong. With strong performance, the dividend can easily be kept on a stable growth path.

The valuation is not high and dividend supports total return

The share's earnings-based valuation is not high and, as the earnings mix continues to improve, we feel there is clear upside in the multiples. A secure dividend yield of more than 6% provides a good base return for the share and, in our view, the combination of low multiples and dividend could justify a stronger view. However, we want to see more signs of the company navigating a difficult market environment, especially with new sales and carried interest income materializing.

Recommendation

Accumulate

(previous Accumulate)

EUR 3.00

(previous EUR 3.30)

Share price:

2.60



Key figures

| | 2021 | 2022e | 2023e | 2024e |
|--------------------|--------|--------|--------|--------|
| Revenue | 52.8 | 66.8 | 78.7 | 82.5 |
| growth-% | 23% | 27% | 18% | 5% |
| EBIT adj. | 44.6 | 54.8 | 40.5 | 50.0 |
| EBIT-% adj. | 84.6 % | 82.1 % | 51.5 % | 60.5 % |
| Net Income | 34.3 | 41.7 | 28.9 | 34.8 |
| EPS (adj.) | 0.22 | 0.26 | 0.18 | 0.22 |

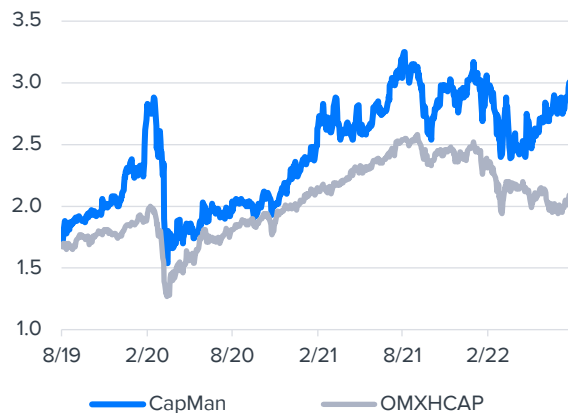
| | | | | |
|-------------------------|-------|-------|-------|-------|
| P/E (adj.) | 14.1 | 9.9 | 14.3 | 11.9 |
| P/B | 3.9 | 2.9 | 2.8 | 2.7 |
| Dividend yield-% | 4.8 % | 6.2 % | 6.6 % | 7.0 % |
| EV/EBIT (adj.) | 11.5 | 8.4 | 11.5 | 9.2 |
| EV/EBITDA | 11.1 | 8.2 | 11.1 | 9.0 |
| EV/S | 9.7 | 6.9 | 5.9 | 5.6 |

Source: Inderes

Guidance

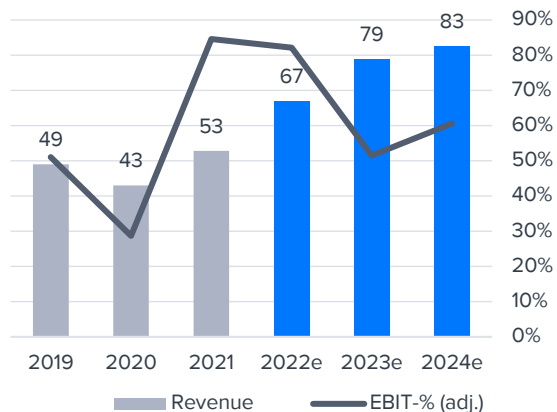
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Share price



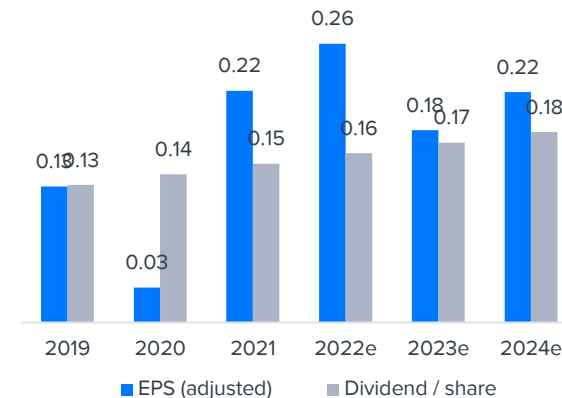
Source: Millstream Market Data AB

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- New products
- Growth in open-end products
- Increase in carried interest income
- Ramping up CWS
- Growth in Service business
- Improving cost efficiency



Risk factors

- Sustainability of cost level
- Funds' ability to generate good returns for investors
- Investment portfolio's share of result still significant
- Market situation

| Valuation | 2022e | 2023e | 2024e |
|------------------|-------|-------|-------|
| Market cap | 412 | 412 | 412 |
| EV | 462 | 468 | 462 |
| P/E (oik.) | 9.9 | 14.3 | 11.9 |
| P/E | 9.9 | 14.3 | 11.9 |
| P/FCF | >100 | 17.1 | 10.3 |
| P/B | 2.9 | 2.8 | 2.7 |
| P/S | 6.2 | 5.2 | 5.0 |
| EV/Sales | 6.9 | 5.9 | 5.6 |
| EV/EBITDA | 8.2 | 11.1 | 9.0 |
| EV/EBIT (adj.) | 8.4 | 11.5 | 9.2 |
| Payout ratio (%) | 61% | 94% | 83% |
| Osinkotuotto-% | 6.2 % | 6.6 % | 7.0 % |

Source: Inderes

Estimates

| Estimates | Q3'21 | Q3'22 | Q3'22e | Q3'22e | Consensus | | Difference (%) | 2022e |
|------------------|------------|------------|---------|-----------|-----------|------|------------------|---------|
| MEUR / EUR | Comparison | Actualized | Inderes | Consensus | Low | High | Act. vs. inderes | Inderes |
| Revenue | 14.9 | 15.9 | 16.2 | | | | -2% | 66.8 |
| EBIT | 10.9 | 12.7 | 5.2 | | | | 142% | 54.8 |
| PTP | 10.2 | 12.2 | 4.2 | | | | 187% | 49.7 |
| EPS (adj.) | 0.06 | 0.06 | 0.02 | | | | 268% | 0.26 |
| Revenue growth-% | 66.0 % | 6.8 % | 8.9 % | | | | -2.1 pp | 26.5 % |
| EBIT-% (adj.) | 73.3 % | 79.7 % | 32.4 % | | | | 47.4 pp | 82.1 % |

Source: Inderes

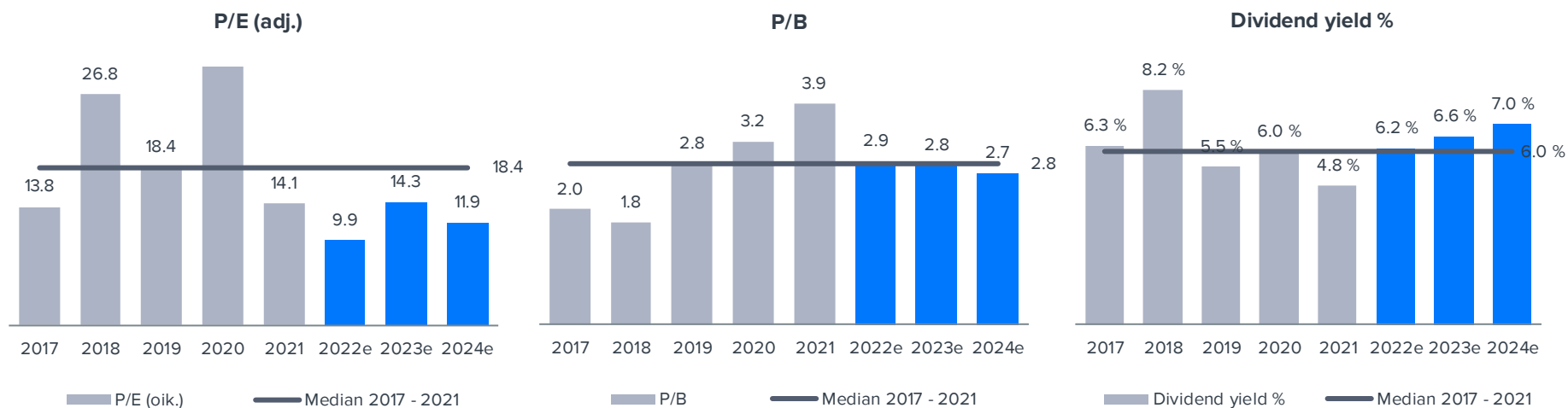
| Estimate revisions | Old | 2022e | Change | 2023e | 2023e | Change | 2024e | 2024e | Change |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| MEUR / EUR | Old | New | % | Old | New | % | Old | New | % |
| Revenue | 77.9 | 66.8 | -14% | 77.4 | 78.7 | 2% | 84.5 | 82.5 | -2% |
| Management Company business | 66.9 | 54.1 | -19% | 66.0 | 65.2 | -1% | 72.2 | 67.9 | -6% |
| Services | 10.5 | 12.0 | 14% | 10.9 | 13.0 | 19% | 11.8 | 14.1 | 20% |
| Other & eliminations | 0.5 | 0.7 | 41% | 0.5 | 0.5 | 0% | 0.5 | 0.5 | 0% |
| EBITDA | 61.7 | 56.4 | -9% | 48.3 | 42.1 | -13% | 51.4 | 51.5 | 0% |
| EBIT (exc. NRIs) | 60.2 | 54.8 | -9% | 47.2 | 40.5 | -14% | 50.0 | 50.0 | 0% |
| EBIT | 60.2 | 54.8 | -9% | 47.2 | 40.5 | -14% | 50.0 | 50.0 | 0% |
| Management Company business | 33.8 | 20.9 | -38% | 30.4 | 29.8 | -2% | 33.7 | 30.1 | -11% |
| Services | 5.5 | 6.4 | 17% | 5.9 | 6.8 | 16% | 6.3 | 7.4 | 18% |
| Investments | 28.7 | 35.1 | 22% | 17.1 | 9.9 | -42% | 17.1 | 18.9 | 11% |
| Other & eliminations | -7.8 | -7.6 | -2% | -6.2 | -5.9 | -4% | -7.1 | -6.4 | -10% |
| PTP | 54.6 | 49.7 | -9% | 42.8 | 36.5 | -15% | 45.6 | 44.4 | -3% |
| EPS (adjusted) | 0.28 | 0.26 | -7% | 0.21 | 0.18 | -14% | 0.22 | 0.22 | -2% |
| Dividend / share | 0.16 | 0.16 | 0% | 0.17 | 0.17 | 0% | 0.18 | 0.18 | 0% |

Source: Inderes

Valuation table

| Valuation | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e | 2025e |
|------------------|---------|---------|---------|---------|--------|--------|--------|--------|--------|
| Market cap | 256 | 216 | 359 | 361 | 486 | 412 | 412 | 412 | 412 |
| EV | 281 | 222 | 385 | 395 | 513 | 462 | 468 | 462 | 456 |
| P/E (oik.) | 13.8 | 26.8 | 18.4 | 70.3 | 14.1 | 9.9 | 14.3 | 11.9 | 11.8 |
| P/E | 16.9 | 26.8 | 25.7 | 70.3 | 14.1 | 9.9 | 14.3 | 11.9 | 11.8 |
| P/FCF | 11.1 | 5.9 | neg. | neg. | 8.1 | >100 | 17.1 | 10.3 | 10.2 |
| P/B | 2.0 | 1.8 | 2.8 | 3.2 | 3.9 | 2.9 | 2.8 | 2.7 | 2.5 |
| P/S | 7.4 | 6.5 | 7.3 | 8.4 | 9.2 | 6.2 | 5.2 | 5.0 | 4.7 |
| EV/Sales | 8.1 | 6.6 | 7.9 | 9.2 | 9.7 | 6.9 | 5.9 | 5.6 | 5.2 |
| EV/EBITDA | 12.3 | 16.6 | 15.4 | 28.7 | 11.1 | 8.2 | 11.1 | 9.0 | 8.6 |
| EV/EBIT (adj.) | 12.2 | 18.6 | 15.4 | 32.0 | 11.5 | 8.4 | 11.5 | 9.2 | 8.9 |
| Payout ratio (%) | 105.9 % | 219.0 % | 141.7 % | 424.1 % | 68.5 % | 60.7 % | 93.5 % | 82.6 % | 86.5 % |
| Dividend yield % | 6.3 % | 8.2 % | 5.5 % | 6.0 % | 4.8 % | 6.2 % | 6.6 % | 7.0 % | 7.4 % |

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 | 2022e | 2023e | 2022e | 2023e | 2022e | 2023e | 2022e | 2023e | 2022e | 2023e | 2022e |
| Alexandria | 61 | 47 | 6.7 | 5.5 | 4.9 | 4.3 | 1.2 | 1.0 | 12.0 | 10.5 | 7.7 | 8.6 | 2.1 |
| Aktia | 705 | 705 | 8.5 | 6.2 | 8.5 | 6.2 | 2.6 | 2.2 | 10.6 | 8.5 | 5.7 | 7.2 | 0.9 |
| eQ | 843 | 784 | 15.0 | 13.2 | 14.8 | 13.0 | 9.2 | 8.2 | 20.3 | 17.9 | 5.1 | 5.8 | 9.9 |
| Evli | 442 | 420 | 13.8 | 9.2 | 11.7 | 8.0 | 4.4 | 3.4 | 21.5 | 15.0 | 6.6 | 9.0 | 3.9 |
| Taaleri | 271 | 203 | 6.3 | 5.8 | 6.1 | 5.7 | 3.0 | 2.8 | 12.2 | 11.1 | 10.9 | 11.1 | 1.3 |
| Titanium | 137 | 118 | 6.7 | 6.2 | 6.6 | 6.0 | 4.1 | 3.7 | 9.9 | 9.2 | 8.5 | 9.2 | 4.8 |
| United Bankers | 140 | 126 | 9.4 | 8.1 | 8.2 | 7.1 | 2.8 | 2.4 | 13.8 | 12.6 | 6.1 | 6.9 | 2.9 |
| CapMan (Inderes) | 412 | 462 | 8.4 | 11.5 | 8.2 | 11.1 | 6.9 | 5.9 | 9.9 | 14.3 | 6.2 | 6.6 | 2.9 |
| Average | | | 9.5 | 7.8 | 8.7 | 7.2 | 3.9 | 3.4 | 14.3 | 12.1 | 7.2 | 8.2 | 3.7 |
| Median | | | 8.5 | 6.2 | 8.2 | 6.2 | 3.0 | 2.8 | 12.2 | 11.1 | 6.6 | 8.6 | 2.9 |
| Diff-% to median | | | -1% | 85% | 0% | 78% | 129% | 109% | -19% | 29% | -7% | -24% | -2% |

Source: Refinitiv / Inderes. NB: The market cap Inderes uses does not consider own shares held by the company.

Income statement

| Income statement | 2020 | Q1'21 | Q2'21 | Q3'21 | Q4'21 | 2021 | Q1'22 | Q2'22 | Q3'22 | Q4'22e | 2022e | 2023e | 2024e | 2025e |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|
| Revenue | 43.0 | 11.3 | 11.9 | 14.9 | 14.7 | 52.8 | 14.2 | 17.7 | 15.9 | 19.0 | 66.8 | 78.7 | 82.5 | 87.3 |
| Management Company business | 30.9 | 9.0 | 9.9 | 12.9 | 11.8 | 43.6 | 11.7 | 14.5 | 12.6 | 15.3 | 54.1 | 65.2 | 67.9 | 71.4 |
| Service business | 11.4 | 2.3 | 2.0 | 1.9 | 2.4 | 8.6 | 2.5 | 3.2 | 3.1 | 3.2 | 12.0 | 13.0 | 14.1 | 15.3 |
| Investment business | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | 0.7 | 0.0 | 0.0 | 0.0 | 0.5 | 0.5 | 0.0 | 0.0 | 0.2 | 0.5 | 0.7 | 0.5 | 0.5 | 0.5 |
| EBITDA | 13.7 | 10.5 | 11.7 | 11.3 | 12.6 | 46.1 | 19.2 | 14.5 | 13.1 | 9.6 | 56.4 | 42.1 | 51.5 | 52.9 |
| Depreciation | -1.4 | -0.4 | -0.4 | -0.4 | -0.4 | -1.5 | -0.4 | -0.4 | -0.4 | -0.4 | -1.5 | -1.5 | -1.5 | -1.8 |
| EBIT (excl. NRI) | 12.3 | 10.1 | 11.4 | 10.9 | 12.2 | 44.6 | 18.9 | 14.1 | 12.7 | 9.2 | 54.8 | 40.5 | 50.0 | 51.1 |
| EBIT | 12.3 | 10.1 | 11.4 | 10.9 | 12.2 | 44.6 | 18.9 | 14.1 | 12.67 | 9.2 | 54.8 | 40.5 | 50.0 | 51.1 |
| Management Company business | 9.1 | 2.5 | 2.4 | 5.1 | 3.2 | 13.2 | 4.4 | 6.1 | 4.2 | 6.2 | 20.9 | 29.8 | 30.1 | 31.1 |
| Service business | 5.0 | 1.2 | 0.7 | 1.1 | 1.2 | 4.2 | 1.4 | 1.7 | 1.8 | 1.6 | 6.4 | 6.8 | 7.4 | 8.0 |
| Investment business | 4.0 | 7.9 | 9.4 | 5.9 | 9.6 | 32.7 | 14.5 | 9.6 | 7.9 | 3.1 | 35.1 | 9.9 | 18.9 | 18.9 |
| Others | -5.7 | -1.4 | -1.2 | -1.1 | -1.7 | -5.4 | -1.4 | -3.3 | -1.3 | -1.6 | -7.6 | -5.9 | -6.4 | -7.0 |
| Net financial items | -3.1 | -0.9 | -1.3 | -0.8 | -1.1 | -4.0 | -2.6 | -1.1 | -0.5 | -1.0 | -5.2 | -4.0 | -5.6 | -5.5 |
| PTP | 9.2 | 9.3 | 10.1 | 10.2 | 11.1 | 40.6 | 16.3 | 13.0 | 12.17 | 8.2 | 49.7 | 36.5 | 44.4 | 45.6 |
| Taxes | -2.9 | -1.5 | -1.2 | -0.7 | -1.7 | -5.2 | -2.9 | -1.2 | -1.4 | -1.2 | -6.8 | -6.1 | -8.0 | -8.7 |
| Minority interest | -1.1 | -0.3 | 0.0 | -0.4 | -0.3 | -1.0 | -0.1 | -0.2 | -0.5 | -0.4 | -1.2 | -1.5 | -1.6 | -1.7 |
| Net earnings | 5.1 | 7.5 | 8.8 | 9.0 | 9.0 | 34.3 | 13.3 | 11.6 | 10.2 | 6.6 | 41.7 | 28.9 | 34.8 | 35.3 |
| EPS (adj.) | 0.03 | 0.05 | 0.06 | 0.06 | 0.06 | 0.22 | 0.08 | 0.07 | 0.06 | 0.04 | 0.26 | 0.18 | 0.22 | 0.22 |
| EPS (rep.) | 0.03 | 0.05 | 0.06 | 0.06 | 0.06 | 0.22 | 0.08 | 0.07 | 0.06 | 0.04 | 0.26 | 0.18 | 0.22 | 0.22 |

| Key figures | 2020 | Q1'21 | Q2'21 | Q3'21 | Q4'21 | 2021 | Q1'22 | Q2'22 | Q3'22 | Q4'22e | 2022e | 2023e | 2024e | 2025e |
|-------------------------------|---------|----------|---------|---------|--------|---------|---------|--------|--------|---------|--------|---------|--------|--------|
| Revenue growth-% | -12.2 % | -5.3 % | 36.4 % | 66.0 % | 10.1 % | 22.8 % | 25.7 % | 48.8 % | 6.9 % | 29.0 % | 26.5 % | 17.9 % | 4.8 % | 5.8 % |
| Adjusted EBIT growth-% | -50.6 % | -269.4 % | 174.4 % | 144.8 % | | 261.8 % | 86.1 % | 24.2 % | 16.2 % | -24.8 % | 22.9 % | -26.1 % | 23.2 % | 2.2 % |
| EBITDA-% | 31.9 % | 92.8 % | 98.6 % | 75.8 % | 85.8 % | 87.4 % | 135.3 % | 82.2 % | 82.2 % | 50.3 % | 84.4 % | 53.4 % | 62.4 % | 60.6 % |
| Adjusted EBIT-% | 28.7 % | 89.6 % | 95.6 % | 73.3 % | 83.2 % | 84.6 % | 132.7 % | 79.8 % | 79.7 % | 48.5 % | 82.1 % | 51.5 % | 60.5 % | 58.5 % |
| Net earnings-% | 12.0 % | 65.9 % | 74.3 % | 60.5 % | 61.4 % | 65.0 % | 93.7 % | 65.8 % | 64.2 % | 34.7 % | 62.5 % | 36.7 % | 42.2 % | 40.4 % |

Source: Inderes

Balance sheet

| Assets | 2020 | 2021 | 2022e | 2023e | 2024e |
|----------------------------|-------------|-------------|-------------|------------|------------|
| Non-current assets | 138 | 150 | 190 | 197 | 198 |
| Goodwill | 15.3 | 15.3 | 15.3 | 22.3 | 22.3 |
| Intangible assets | 0.7 | 0.5 | 0.6 | 0.8 | 0.9 |
| Tangible assets | 2.6 | 1.8 | 1.7 | 2.0 | 2.3 |
| Associated companies | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other investments | 117 | 130 | 170 | 170 | 170 |
| Other non-current assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Deferred tax assets | 2.4 | 1.8 | 1.8 | 1.8 | 1.8 |
| Current assets | 81.1 | 90.5 | 98.8 | 116 | 122 |
| Inventories | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other current assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Receivables | 23.1 | 25.3 | 32.1 | 37.8 | 39.6 |
| Cash and equivalents | 58.0 | 65.2 | 66.8 | 78.7 | 82.5 |
| Balance sheet total | 219 | 240 | 289 | 314 | 320 |

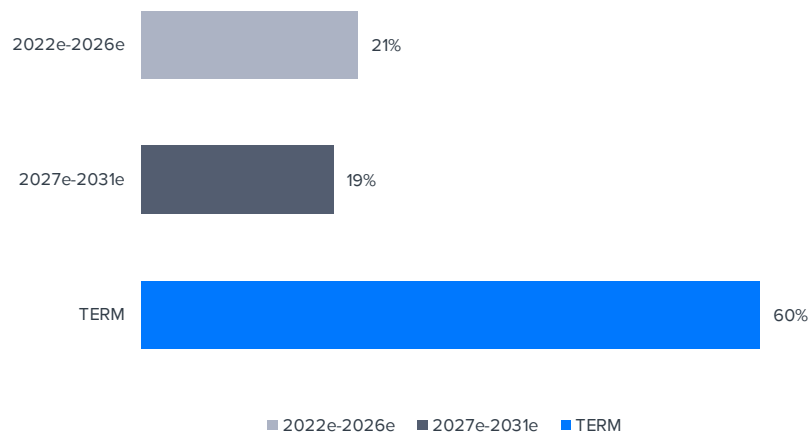
Source: Inderes

| Liabilities & equity | 2020 | 2021 | 2022e | 2023e | 2024e |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|
| Equity | 113 | 127 | 146 | 149 | 157 |
| Share capital | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| Retained earnings | 1.6 | 33.6 | 51.9 | 55.4 | 63.2 |
| Hybrid bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Revaluation reserve | 39.0 | 39.0 | 39.0 | 39.0 | 39.0 |
| Other equity | 71.2 | 52.4 | 52.4 | 52.4 | 52.4 |
| Minorities | 0.7 | 1.6 | 1.6 | 1.6 | 1.6 |
| Non-current liabilities | 92.3 | 97.1 | 121 | 138 | 134 |
| Deferred tax liabilities | 2.7 | 7.5 | 7.5 | 7.5 | 7.5 |
| Provisions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long term debt | 82.6 | 82.0 | 106 | 123 | 119 |
| Convertibles | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other long term liabilities | 6.9 | 7.6 | 7.6 | 7.6 | 7.6 |
| Current liabilities | 13.3 | 18.7 | 22.3 | 26.7 | 29.3 |
| Short term debt | 0.9 | 1.0 | 1.3 | 2.2 | 3.6 |
| Payables | 11.1 | 16.7 | 20.0 | 23.6 | 24.8 |
| Other current liabilities | 1.3 | 1.0 | 1.0 | 1.0 | 1.0 |
| Balance sheet total | 219 | 243 | 289 | 314 | 320 |

DCF calculation

| DCF model | 2021 | 2022e | 2023e | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e | TERM |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Revenue growth-% | 22.8 % | 26.5 % | 17.9 % | 4.8 % | 5.8 % | 5.0 % | 4.0 % | 4.0 % | 3.0 % | 3.0 % | 2.5 % | 2.5 % |
| EBIT-% | 84.6 % | 82.1 % | 51.5 % | 60.5 % | 58.5 % | 50.0 % | 45.0 % | 45.0 % | 45.0 % | 45.0 % | 45.0 % | 45.0 % |
| EBIT (operating profit) | 44.6 | 54.8 | 40.5 | 50.0 | 51.1 | 45.8 | 42.9 | 44.6 | 45.9 | 47.3 | 48.5 | |
| + Depreciation | 1.5 | 1.5 | 1.5 | 1.5 | 1.8 | 2.0 | 2.0 | 2.1 | 2.2 | 2.3 | 2.4 | |
| - Paid taxes | 0.2 | -6.8 | -6.1 | -8.0 | -8.7 | -7.6 | -7.0 | -7.4 | -7.6 | -7.9 | -8.5 | |
| - Tax, financial expenses | -0.5 | -0.7 | -0.7 | -1.0 | -1.0 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.2 | |
| + 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 | 3.1 | -3.5 | -2.1 | -0.7 | -0.9 | -0.8 | -0.7 | -0.7 | -0.5 | -0.6 | -0.5 | |
| Operating cash flow | 48.9 | 45.5 | 33.1 | 41.8 | 42.3 | 38.3 | 36.1 | 37.6 | 38.8 | 40.1 | 40.7 | |
| + Change in other long-term liabilities | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| - Gross CAPEX | -14.2 | -41.6 | -9.0 | -2.0 | -2.1 | -2.1 | -2.2 | -2.2 | -2.4 | -2.4 | -2.7 | |
| Free operating cash flow | 35.3 | 3.9 | 24.1 | 39.8 | 40.2 | 36.2 | 33.9 | 35.4 | 36.4 | 37.7 | 38.0 | |
| +/- Other | 24.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| FCFF | 60.1 | 3.9 | 24.1 | 39.8 | 40.2 | 36.2 | 33.9 | 35.4 | 36.4 | 37.7 | 38.0 | 686 |
| Discounted FCFF | | 3.8 | 22.0 | 33.5 | 31.3 | 26.1 | 22.6 | 21.8 | 20.7 | 19.8 | 18.5 | 334 |
| Sum of FCFF present value | | 554 | 550 | 528 | 494 | 463 | 437 | 414 | 393 | 372 | 352 | 334 |
| Enterprise value DCF | | 554 | | | | | | | | | | |
| - Interesting bearing debt | | -83.0 | | | | | | | | | | |
| + Cash and cash equivalents | | 65.2 | | | | | | | | | | |
| -Minorities | | -10.0 | | | | | | | | | | |
| -Dividend/capital return | | -23.5 | | | | | | | | | | |
| Equity value DCF | | 503 | | | | | | | | | | |
| Equity value DCF per share | | 3.2 | | | | | | | | | | |

Cash flow distribution



Wacc

| | |
|--|--------------|
| Tax-% (WACC) | 20.0 % |
| Target debt ratio (D/(D+E)) | 10.0 % |
| Cost of debt | 4.0 % |
| Equity Beta | 1.10 |
| Market risk premium | 4.75% |
| Liquidity premium | 1.00% |
| Risk free interest rate | 2.5 % |
| Cost of equity | 8.7 % |
| Weighted average cost of capital (WACC) | 8.2 % |

Source: Inderes

Summary

| Income statement | 2019 | 2020 | 2021 | 2022e | 2023e | Per share data | 2019 | 2020 | 2021 | 2022e | 2023e |
|---------------------------|-------|-------|-------|--------------|--------------|--------------------------|--------|--------|--------|---------------|---------------|
| Revenue | 49.0 | 43.0 | 52.8 | 66.8 | 78.7 | EPS (reported) | 0.09 | 0.03 | 0.22 | 0.26 | 0.18 |
| EBITDA | 25.0 | 13.7 | 46.1 | 56.4 | 42.1 | EPS (adj.) | 0.13 | 0.03 | 0.22 | 0.26 | 0.18 |
| EBIT | 19.4 | 12.3 | 44.6 | 54.8 | 40.5 | OCF / share | 0.14 | -0.05 | 0.31 | 0.29 | 0.21 |
| PTP | 17.6 | 9.2 | 40.6 | 49.7 | 36.5 | FCF / share | -0.03 | -0.01 | 0.38 | 0.02 | 0.15 |
| Net Income | 14.0 | 5.1 | 34.3 | 41.7 | 28.9 | Book value / share | 0.84 | 0.72 | 0.80 | 0.91 | 0.93 |
| Extraordinary items | -5.6 | 0.0 | 0.0 | 0.0 | 0.0 | Dividend / share | 0.13 | 0.14 | 0.15 | 0.16 | 0.17 |
| Balance sheet | 2019 | 2020 | 2021 | 2022e | 2023e | Growth and profitability | 2019 | 2020 | 2021 | 2022e | 2023e |
| Balance sheet total | 216.5 | 218.8 | 240.3 | 288.7 | 313.8 | Revenue growth-% | 46% | -12% | 23% | 27% | 18% |
| Equity capital | 129.5 | 113.3 | 127.4 | 145.6 | 149.2 | EBITDA growth-% | 87% | -45% | 236% | 22% | -25% |
| Goodwill | 15.3 | 15.3 | 15.3 | 15.3 | 22.3 | EBIT (adj.) growth-% | 109% | -51% | 262% | 23% | -26% |
| Net debt | 16.4 | 25.5 | 17.8 | 40.2 | 46.3 | EPS (adj.) growth-% | 135% | -74% | 564% | 20% | -31% |
| Cash flow | 2019 | 2020 | 2021 | 2022e | 2023e | EBITDA-% | 51.1 % | 31.9 % | 87.4 % | 84.4 % | 53.4 % |
| EBITDA | 25.0 | 13.7 | 46.1 | 56.4 | 42.1 | EBIT (adj.)-% | 51.0 % | 28.7 % | 84.6 % | 82.1 % | 51.5 % |
| Change in working capital | 4.5 | -19.4 | 3.1 | -3.5 | -2.1 | EBIT-% | 39.6 % | 28.7 % | 84.6 % | 82.1 % | 51.5 % |
| Operating cash flow | 20.8 | -7.4 | 48.9 | 45.5 | 33.1 | ROE-% | 11.3 % | 4.3 % | 28.8 % | 30.9 % | 19.8 % |
| CAPEX | -27.1 | 16.5 | -14.2 | -41.6 | -9.0 | ROI-% | 10.5 % | 6.4 % | 21.9 % | 23.7 % | 15.4 % |
| Free cash flow | -4.0 | -1.2 | 60.1 | 3.9 | 24.1 | Equity ratio | 59.8 % | 51.8 % | 53.0 % | 50.5 % | 47.5 % |
| Valuation multiples | 2019 | 2020 | 2021 | 2022e | 2023e | Gearing | 12.6 % | 22.5 % | 14.0 % | 27.6 % | 31.0 % |
| EV/S | 7.9 | 9.2 | 9.7 | 6.9 | 5.9 | | | | | | |
| EV/EBITDA (adj.) | 15.4 | 28.7 | 11.1 | 8.2 | 11.1 | | | | | | |
| EV/EBIT (adj.) | 15.4 | 32.0 | 11.5 | 8.4 | 11.5 | | | | | | |
| P/E (adj.) | 18.4 | 70.3 | 14.1 | 9.9 | 14.3 | | | | | | |
| P/E | 2.8 | 3.2 | 3.9 | 2.9 | 2.8 | | | | | | |
| Dividend-% | 5.5 % | 6.0 % | 4.8 % | 6.2 % | 6.6 % | | | | | | |

Source: Inderes

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| | |
|------------|--|
| Buy | The 12-month risk-adjusted expected shareholder return of the share is very attractive |
| Accumulate | The 12-month risk-adjusted expected shareholder return of the share is attractive |
| Reduce | The 12-month risk-adjusted expected shareholder return of the share is weak |
| Sell | The 12-month risk-adjusted expected shareholder return of the share is very weak |

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Recommendation history (>12 mo)

| Date | Recommendation | Target price | Share price |
|----------|----------------|--------------|-------------|
| 09-08-19 | Buy | 2.00 € | 1.75 € |
| 26-09-19 | Accumulate | 2.00 € | 1.87 € |
| 01-11-19 | Reduce | 2.10 € | 2.06 € |
| 31-01-20 | Buy | 2.75 € | 2.48 € |
| 20-03-20 | Buy | 2.00 € | 1.52 € |
| 07-04-20 | Accumulate | 1.90 € | 1.70 € |
| 24-04-20 | Accumulate | 1.90 € | 1.76 € |
| 07-08-20 | Accumulate | 2.10 € | 1.96 € |
| 30-10-20 | Accumulate | 2.10 € | 1.93 € |
| 05-02-21 | Accumulate | 2.80 € | 2.63 € |
| 22-02-21 | Accumulate | 2.80 € | 2.68 € |
| 30-04-21 | Accumulate | 3.00 € | 2.78 € |
| 06-08-21 | Accumulate | 3.30 € | 3.04 € |
| 28-10-21 | Accumulate | 3.30 € | 2.98 € |
| 05-01-22 | Accumulate | 3.30 € | 3.10 € |
| 04-02-22 | Accumulate | 3.30 € | 3.00 € |
| 21-03-22 | Accumulate | 3.10 € | 2.81 € |
| 29-04-22 | Buy | 3.10 € | 2.62 € |
| 05-08-22 | Accumulate | 3.30 € | 3.09 € |
| 28-10-22 | Accumulate | 3.00 € | 2.60 € |



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