

# Sitowise

## Company report

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# Waiting for the market to pick up

Sitowise's Q1 results were operationally in line with our expectations. The company's outlook comments showed small signs of improvement for Buildings and Sweden, but overall the current year is still set to be challenging. Eventually, however, the market will pick up and the normalization of utilization rates should provide significant leverage for profitability improvements. Against this backdrop, the valuation of the stock looks low for the next few years, but uncertainty about the pace of market recovery limits the short-term upside in our view. Overall, the risk/reward ratio still leans towards the positive side. We reiterate our Accumulate recommendation and revise our target price to EUR 3.2 (previously 3.0 EUR).

## Weak market situation reflected in the decline in revenue, as expected, slight upturn in orders

Sitowise's Q1 revenue decreased by 8% to 51.5 MEUR, which slightly exceeded our estimate of 50.3 MEUR. The development was soft especially in the Buildings business (-19%), which, as expected, is currently facing challenges due to the difficult market situation. Infra (+8%) performed well, while the market weakness in Sweden (-8%) and Digital Solutions (-12%) became more pronounced in Q1. However, order intake was up 2% from the previous quarter, with growth in Infra, Buildings, and Sweden. The order book (163 MEUR) was also stable compared to the previous quarter. In light of this, it seems that things are taking baby steps for the better.

Sitowise's adjusted EBITA declined to 3.4 MEUR in Q1 (Q1'23: 6.6 MEUR) and was well in line with our estimate of 3.5 MEUR. Adjusted EBITA margin (6.6 % vs. 11.8%) was, as predicted, under pressure from the combined impact of lower revenue and wage inflation. Reported earnings figures were below our predictions due to higher one-off items and amortization of intangible assets.

## A touch of caution on the slope of earnings improvement in the coming years

As expected, Sitowise reiterated its guidance for 2024, forecasting slightly lower revenue (2023: 211 MEUR) and an adjusted EBITA margin at the 2023 level or above (2023: 8.1%). According to the company, the order books at the end of Q1 were at a good level in Infra and Digital Solutions and at a satisfactory level in Sweden. In Buildings, the workload was not at an adequate level, and selective temporary layoffs have continued in Q1 and also in Q2. In Buildings and Sweden, tendering volumes and increased order intake signal the start of a gradual market recovery, but predicting the timing of a clear improvement is very difficult according to the company. We revised our earnings forecasts for the coming years downwards based on the Q1 report, but we still expect a significant earnings improvement (2025e-2026e adj. EBITA: 9.4-10.1%), driven in particular by a recovering market and improving utilization rates. The forecast for 2024 (revenue 204 MEUR and adj. EBITA 8.2%) underwent smaller changes.

## Valuation will be low if earnings improvement is achieved

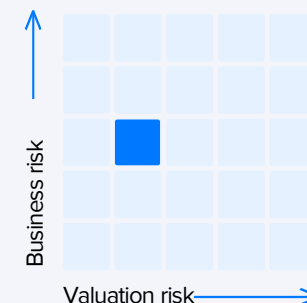
Sitowise's 2024 results are well below their potential due to the challenging market, but despite this, the valuation multiples (EV/EBITDA 7x and adj. P/E 16x) are neutral/reasonable. Once the market situation improves and the earnings turnaround we forecast materializes, the multiples for 2025-2026 (EV/EBITDA 6x-5x and adj. P/E 9, 5x-8x) will be low. This shows the potential of the stock if the turnaround is successful. However, uncertainty about the pace of the market recovery keeps forecast risks high, and longer-term multiples cannot yet be fully relied upon.

## Recommendation

**Accumulate**  
(previous Accumulate)

**EUR 3.20**  
(previous EUR 3.00)

**Share price:**  
2.88



## Key figures

	2023	2024e	2025e	2026e
<b>Revenue</b>	210.9	204.1	213.5	225.0
<b>growth-%</b>	3%	-3%	5%	5%
<b>EBITA adj.</b>	17.0	16.7	20.1	22.8
<b>EBITA-% adj.</b>	8.1 %	8.2 %	9.4 %	10.1 %
<b>Net Income</b>	5.6	6.3	10.8	13.7
<b>EPS (adj.)</b>	0.21	0.18	0.30	0.38

<b>P/E (adj.)</b>	15.2	15.6	9.5	7.6
<b>P/B</b>	0.9	0.8	0.8	0.7
<b>Dividend yield-%</b>	0.0 %	2.1 %	3.5 %	4.9 %
<b>EV/EBIT (adj.)</b>	14.5	14.1	9.7	7.5
<b>EV/EBITDA</b>	8.2	7.4	6.1	5.2
<b>EV/S</b>	0.9	0.9	0.8	0.7

Source: Inderes

## Guidance

(Unchanged)

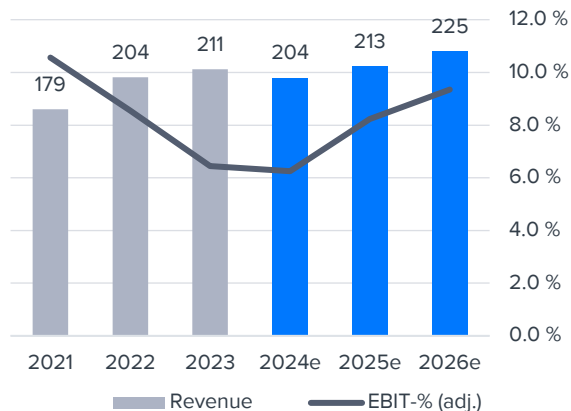
Sitowise Group's revenue is expected to slightly decline in 2024, driven by the Buildings business decline (2023: 211 MEUR). Adjusted EBITA margin (%) is expected to be at or above the 2023 level (2023: 8.1%).

### Share price



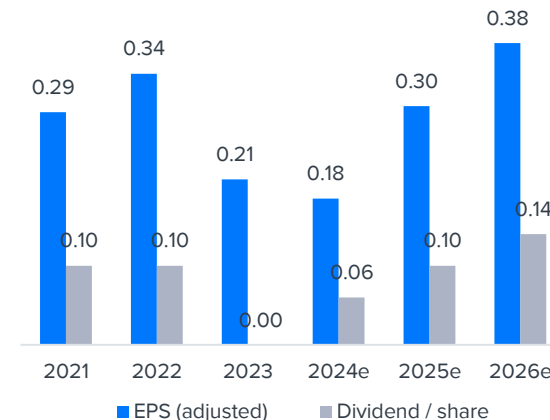
Source: Millstream Market Data AB

### Revenue and EBIT-%



Source: Inderes

### EPS and dividend



Source: Inderes



### Value drivers

- Stronger organic growth than market growth and acquisitions
- Maintaining best-in-class profitability
- Expansion into Nordic countries
- Extending the offering
- Strong cash flow and low investment need
- Efficient and fragmented business model, as well as digitalization expertise create competitive advantage
- Increasing share of consulting and planning in construction value chain supported by megatrends
- Opportunities created by sustainable development regulation



### Risk factors

- Cyclicity of the underlying construction market
- Sustainably maintaining high profitability levels
- A clear and prolonged market downturn after good years
- Challenges created by Nordic expansion and a new market
- Failure in acquisitions
- Dependency on personnel and adequacy of incentives for key personnel

Valuation	2024e	2025e	2026e
Share price	2.88	2.88	2.88
Number of shares, million	35.8	35.8	35.8
Market cap	103	103	103
EV	180	170	158
P/E (adj.)	15.6	9.5	7.6
P/B	0.8	0.8	0.7
EV/Sales	0.9	0.8	0.7
EV/EBITDA	7.4	6.1	5.2
EV/EBIT (adj.)	14.1	9.7	7.5
Payout ratio (%)	34.1%	33.2%	36.8%
Dividend yield-%	2.1%	3.5%	4.9%

Source: Inderes

# Operational development weakened as we had expected in Q1

## Weak market situation reflected in lower revenue, as expected

Sitowise's Q1 revenue decreased by 8% to 51.5 MEUR, which slightly exceeded our estimate of 50.3 MEUR. The development was soft especially in the Buildings business (16.1 MEUR, -19%), which, as expected, is currently facing challenges due to the difficult market situation. In addition, the number of working days in Q1 was lower than in the comparison period (1 day in Finland, 1.5 in Sweden), and exchange rates caused a headwind on revenue. The utilization rate (Q1'24: 72.3%) deteriorated from the comparison period (74.4%) and the company is actively working to improve it from the current unsatisfactory level.

In line with our estimates, the Infra business (17.0 MEUR, +8%) developed significantly better, supported by the green transition projects. Infra's order book is at a good level according to the company, and the outlook for the future is good as well.

In Sweden (-8%) and Digital Solutions (-12%), revenue development weakened early in the year as demand

cooled and competition intensified. In Digital Solutions, the company expects low single-digit organic growth in the coming quarters, driven by a stronger order book towards the end of Q1. In Sweden, the company continues to develop its sales culture and hopes that the first small positive signals will eventually translate into a more significant market recovery.

The order book (Q1'24: 163 MEUR) decreased by 8% from the good level of the comparison period, reflecting in particular the challenging market for the Buildings business. Compared to the previous quarter, however, it remained stable. Order intake was up 2% compared to the previous quarter, with growth in Infra, Buildings, and Sweden. In light of this, it seems that things are taking baby steps for the better.

## As predicted, result at low level early in the year

Sitowise's adjusted EBITA declined to 3.4 MEUR in Q1 (Q1'23: 6.6 MEUR) and was well in line with our estimate of 3.5 MEUR. Adjusted EBITA margin (6.6% vs. 11.8%) was, as predicted, under pressure from the combined impact of lower revenue and wage inflation.

Reported earnings figures were below our predictions due to higher one-off items and amortization of intangible assets. Sitowise's top priority for the current year is to improve profitability and these measures are likely to be gradually reflected in the coming quarters. The company already achieved some success in cost control in Q1, but this was partly offset by fierce competition and weak utilization rates.

Cash flow from operating activities (5.0 MEUR) was at a good level at the beginning of the year. With the weakening earnings trend, the net debt/EBITDA ratio rose to 3.8x at the end of Q1, well above the company's target level (max. 2.5x). According to the company, the current financial position partly hinders the company's desire to make major moves on the acquisition front. However, smaller arrangements are still possible in the future.

Estimates MEUR / EUR	Q1'23	Q1'24	Q1'24e	Q1'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	56.0	51.5	50.3				2%	204.1
EBITA (adj.)	6.6	3.4	3.4				0%	16.7
EBIT	5.5	2.0	2.8				-30%	12.4
PTP	4.4	0.7	1.6				-55%	7.9
EPS (reported)	0.10	0.02	0.04				-54%	0.18
Revenue growth-%	13.9 %	-8.1 %	-10.2 %				2.1 pp	-3.2 %
EBITA-% (adj.)	11.8 %	6.6 %	6.7 %				-0.2 pp	8.2 %

Source: Inderes

# A touch of caution on the slope of earnings improvement in the coming years

## Small signs of improvement in the outlook, but uncertainty persists

As expected, Sitowise reconfirmed its guidance for the current year. The company expects its revenue (2023: 211 MEUR) to slightly decline in 2024, driven by the Buildings business decline. Adjusted EBITA margin (%) is anticipated to be at the 2023 level or above (2023: 8.1%).

According to the company, the order books at the end of Q1 were at a good level in Infra and Digital Solutions and at a satisfactory level in Sweden. In Buildings, the workload was not at an adequate level, and selective temporary layoffs have continued in Q1 and also in Q2. In Buildings and Sweden, tendering volumes and increased order intake signal the start of a gradual market recovery, but predicting the timing of a clear improvement is very difficult according to the company. Overall, the weak economic outlook for

Finland and Sweden is now largely holding back Sitowise's growth, which is hoped to be boosted by a reduction in interest rates. However, even in a good scenario, this is unlikely to make a significant difference in the current year's development.

## A touch of caution added to forecasts

We have revised our assumptions upwards for financial expenses and amortization of intangible assets for the coming years based on the Q1 report. At the same time, we have become more cautious in our assumptions about the slope of profitability improvement in the next few years. As a result, earnings forecasts for the coming years have been lowered quite significantly, especially at the EPS level.

We now expect revenue to decrease by 3% to 204 MEUR in 2024, reflecting the sluggish market situation in the Buildings business. We expect an adjusted EBITA of 16.7 MEUR, which would

correspond to a margin of 8.2%, slightly better than last year. In terms of growth, we expect Q2 to remain weak and forecast a gradual improvement in H2. This is also supported by easier comparison periods at that time.

In the coming years, our projected improvement in profitability will be driven by a gradually recovering market, better utilization rates, efficiency measures, and a reduction in internal investments. As a result, we still expect a significant improvement (2025-2026 adj. EBITA: 9.4-10.1%), even if we lowered our expectations for the slope of this development. The main uncertainty in our forecasts still relates to Sitowise's profitability potential and the timing of the market recovery. Regarding these issues, the Q1 report did not yet provide significantly better visibility.

Estimate revisions MEUR / EUR	2024e		Change %	2025e		Change %	2026e		Change %
	Old	New		Old	New		Old	New	
Revenue	203	204	1%	213	213	0%	229	225	-2%
EBITDA	24.6	24.4	-1%	30.5	27.7	-9%	32.9	30.5	-7%
EBITA (adj.)	17.0	16.7	-2%	22.0	20.1	-9%	24.6	22.8	-7%
EBITA	17.0	16.3	-4%	22.0	20.1	-9%	24.6	22.8	-7%
PTP	9.3	7.9	-15%	16.3	13.6	-16%	19.6	17.2	-12%
EPS (excl. NRIs)	0.21	0.18	-11%	0.36	0.30	-17%	0.43	0.38	-12%
DPS	0.06	0.06	0%	0.11	0.10	-9%	0.16	0.14	-13%

# Valuation will be low if earnings improvement is achieved

## Valuation is moderate once market conditions improve

Sitowise's 2024 results are well below their potential due to the challenging market, but despite this, the valuation multiples (EV/EBITDA 7x and adj. P/E 16x) are neutral/reasonable. Once the market situation improves and the earnings turnaround we forecast materializes, the multiples for 2025-2026 (EV/EBITDA 6x-5x and adj. P/E 9, 5x-8x) will be low. This shows the potential of the stock if the turnaround is successful. However, uncertainty about the pace of the market recovery keeps forecast risks high, and longer-term multiples cannot yet be fully relied upon. Overall, the risk/reward ratio still leans towards the positive side in our view.

We estimate that the acceptable range of multiples for Sitowise's P/E is around 12-16x and EV/EBITDA 7-9x. Given the weak result in 2024, we think the multiples could be higher, but in the longer term, as earnings levels normalize, we would settle for roughly the middle to lower end of the range. For example, applying a P/E multiple of 12-14x to our 2025 EPS forecast would imply a share price of EUR 3.6-4.2. In the medium term, the stock has considerable upside potential if the company succeeds in improving profitability.

## Peer group valuation

Sitowise is priced at a discount to its peer group. For 2024, the median valuation of the peer group (P/E 17x and EV/EBITDA 9x) is already rather challenging. In comparison, Sitowise is priced at a discount of around 8-15%. In 2025, Sitowise's discount (24-35%) to peers will widen significantly if the earnings turnaround we

forecast for the company materializes. Thus, the valuation of the stock also appears relatively cheap.

## DCF model indicates clear upside potential

We also use DCF in the valuation. The value of the DCF model (EUR 4.0) would indicate clear upside potential and would also reflect the stock's long-term potential. In our model, the company's revenue growth stabilizes at 1% in the terminal period after stronger medium-term growth, and the EBIT margin is 9.0% of revenue. This is below the company's long-term target (adj. EBITA margin >12%). The cost of capital we use in the DCF model (WACC) is now 8.6% (was 8.4 %) and cost of equity is 10.1% as before. We revised our assumptions on long-term leverage and the cost of debt, which slightly increased the WACC.

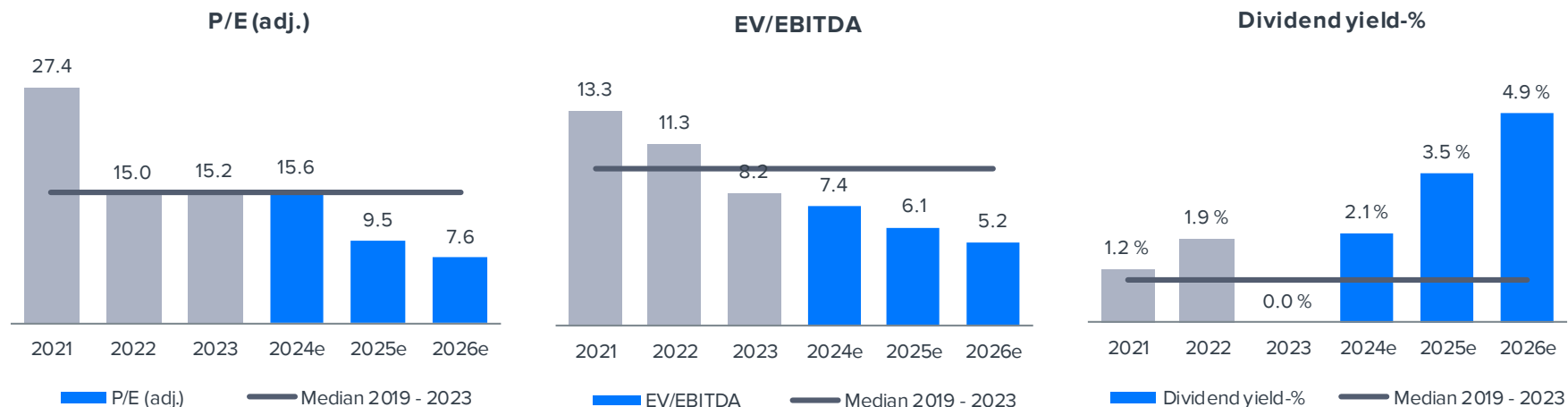
Valuation	2024e	2025e	2026e
Share price	2.88	2.88	2.88
Number of shares, million:	35.8	35.8	35.8
Market cap	103	103	103
EV	180	170	158
P/E (adj.)	15.6	9.5	7.6
P/B	0.8	0.8	0.7
EV/Sales	0.9	0.8	0.7
EV/EBITDA	7.4	6.1	5.2
EV/EBIT (adj.)	14.1	9.7	7.5
Payout ratio (%)	34.1 %	33.2 %	36.8 %
Dividend yield-%	2.1 %	3.5 %	4.9 %

Source: Inderes

# Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price			8.05	5.14	3.18	<b>2.88</b>	<b>2.88</b>	<b>2.88</b>	<b>2.88</b>
Number of shares, millions			35.4	35.5	35.6	<b>35.8</b>	<b>35.8</b>	<b>35.8</b>	<b>35.8</b>
Market cap			285	182	113	<b>103</b>	<b>103</b>	<b>103</b>	<b>103</b>
EV			345	268	197	<b>180</b>	<b>170</b>	<b>158</b>	<b>147</b>
P/E (adj.)			27.4	15.0	15.2	<b>15.6</b>	<b>9.5</b>	<b>7.6</b>	<b>6.7</b>
P/B			2.5	1.6	0.9	<b>0.8</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>
EV/Sales			1.9	1.3	0.9	<b>0.9</b>	<b>0.8</b>	<b>0.7</b>	<b>0.6</b>
EV/EBITDA			13.3	11.3	8.2	<b>7.4</b>	<b>6.1</b>	<b>5.2</b>	<b>4.6</b>
EV/EBIT (adj.)			18.2	15.4	14.5	<b>14.1</b>	<b>9.7</b>	<b>7.5</b>	<b>6.3</b>
Payout ratio (%)			45.2 %	45.2 %	0.0 %	<b>34.1 %</b>	<b>33.2 %</b>	<b>36.8 %</b>	<b>44.0 %</b>
Dividend yield-%			1.2 %	1.9 %	0.0 %	<b>2.1 %</b>	<b>3.5 %</b>	<b>4.9 %</b>	<b>6.6 %</b>

Source: Inderes



# Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Sweco AB	3810	4285	19.6	17.5	14.3	12.8	1.8	1.6	23.8	21.3	2.2	2.5	4.1
Afry AB	1739	2315	15.7	13.3	9.9	9.0	1.0	1.0	16.9	14.9	3.3	3.5	1.6
Rejlers AB	289	338	14.7	13.5	8.8	7.9	1.0	0.9	17.3	14.7	2.8	3.2	1.9
Solwers Oyj	48	65	13.5	11.8	8.2	6.8	1.0	0.8	15.1	13.1	1.3	2.0	0.9
Etteplan Oyj	328	391	14.8	12.7	8.6	7.7	1.1	1.0	17.1	14.4	2.6	3.2	2.9
Norconsult ASA	771	825	12.9	12.2	8.1	8.2	1.1	1.0	14.9	15.5	3.2	4.2	4.6
<b>Sitowise (Inderes)</b>	<b>103</b>	<b>180</b>	<b>14.1</b>	<b>9.7</b>	<b>7.4</b>	<b>6.1</b>	<b>0.9</b>	<b>0.8</b>	<b>15.6</b>	<b>9.5</b>	<b>2.1</b>	<b>3.5</b>	<b>0.8</b>
<b>Average</b>			<b>15.2</b>	<b>13.5</b>	<b>9.7</b>	<b>8.7</b>	<b>1.1</b>	<b>1.1</b>	<b>17.5</b>	<b>15.6</b>	<b>2.6</b>	<b>3.1</b>	<b>2.7</b>
<b>Median</b>			<b>14.8</b>	<b>13.0</b>	<b>8.7</b>	<b>8.1</b>	<b>1.1</b>	<b>1.0</b>	<b>17.0</b>	<b>14.8</b>	<b>2.7</b>	<b>3.2</b>	<b>2.4</b>
<i>Diff-% to median</i>			<b>-4%</b>	<b>-26%</b>	<b>-15%</b>	<b>-24%</b>	<b>-16%</b>	<b>-20%</b>	<b>-8%</b>	<b>-35%</b>	<b>-23%</b>	<b>9%</b>	<b>-65%</b>

Source: Refinitiv / Inderes



# Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	204	56.0	56.5	45.6	52.8	211	51.5	52.7	44.9	55.0	204	213	225	232
EBITDA	23.8	8.5	6.4	5.2	3.2	23.2	5.1	6.2	6.2	6.9	24.4	27.7	30.5	32.3
Depreciation	-10.6	-3.0	-2.8	-2.9	-2.8	-11.5	-3.1	-3.0	-2.9	-2.9	-11.9	-10.1	-9.5	-9.0
EBITA (adj.)	20.4	6.6	4.5	3.5	2.4	17.0	3.4	4.2	4.2	4.9	16.7	20.1	22.8	24.5
EBITA	16.1	6.2	4.4	3.3	1.3	15.1	3.1	4.2	4.2	4.9	16.3	20.1	22.8	24.5
EBIT	13.2	5.5	3.6	2.3	0.3	11.7	2.0	3.2	3.3	4.0	12.4	17.6	21.0	23.2
Net financial items	-2.9	-1.1	-0.9	-1.2	-1.3	-4.6	-1.2	-1.1	-1.1	-1.1	-4.5	-3.9	-3.8	-3.7
PTP	10.3	4.4	2.7	1.0	-1.0	7.1	0.7	2.1	2.2	2.9	7.9	13.6	17.2	19.5
Taxes	-2.4	-0.9	-0.6	-0.3	0.1	-1.6	-0.2	-0.4	-0.4	-0.6	-1.6	-2.8	-3.5	-4.0
Minority interest	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1
Net earnings	7.8	3.5	2.2	0.8	-0.9	5.6	0.6	1.7	1.8	2.3	6.3	10.8	13.7	15.5
EPS (adj.)	0.34	0.11	0.06	0.03	0.01	0.21	0.03	0.05	0.05	0.06	0.18	0.30	0.38	0.43
EPS (rep.)	0.22	0.10	0.06	0.02	-0.02	0.16	0.02	0.05	0.05	0.06	0.18	0.30	0.38	0.43
<b>Key figures</b>	<b>2022</b>	<b>Q1'23</b>	<b>Q2'23</b>	<b>Q3'23</b>	<b>Q4'23</b>	<b>2023</b>	<b>Q1'24</b>	<b>Q2'24e</b>	<b>Q3'24e</b>	<b>Q4'24e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>
Revenue growth-%	14.0 %	13.9 %	9.2 %	-0.7 %	-8.3 %	3.2 %	-8.1 %	-6.7 %	-1.6 %	4.2 %	-3.2 %	4.6 %	5.4 %	3.2 %
Adjusted EBITA growth-%	-3.6 %	40.7 %	-24.0 %	-29.6 %	-57.0 %	-16.6 %	-49.0 %	-6.5 %	21.9 %	102.0 %	-1.9 %	20.6 %	13.5 %	7.3 %
EBITDA-%	11.6 %	15.1 %	11.3 %	11.4 %	6.0 %	11.0 %	9.9 %	11.8 %	13.8 %	12.5 %	11.9 %	13.0 %	13.6 %	13.9 %
Adjusted EBITA-%	10.0 %	11.8 %	8.0 %	7.6 %	4.6 %	8.1 %	6.6 %	8.0 %	9.4 %	8.9 %	8.2 %	9.4 %	10.1 %	10.5 %

# Balance sheet

Assets	2022	2023	2024e	2025e	2026e
<b>Non-current assets</b>	<b>202</b>	<b>202</b>	<b>199</b>	<b>197</b>	<b>195</b>
Goodwill	158	158	159	159	159
Intangible assets	10.2	11.9	8.5	5.9	4.1
Tangible assets	31.8	29.3	29.3	29.7	29.9
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	1.9	1.9	1.9	1.9	1.9
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.9	0.7	0.7	0.7	0.7
<b>Current assets</b>	<b>78.3</b>	<b>76.6</b>	<b>72.4</b>	<b>80.7</b>	<b>95.3</b>
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	1.3	1.8	1.8	1.8	1.8
Receivables	61.6	59.2	57.2	59.9	63.1
Cash and equivalents	15.4	15.6	13.4	19.0	30.3
<b>Balance sheet total</b>	<b>281</b>	<b>278</b>	<b>271</b>	<b>277</b>	<b>291</b>

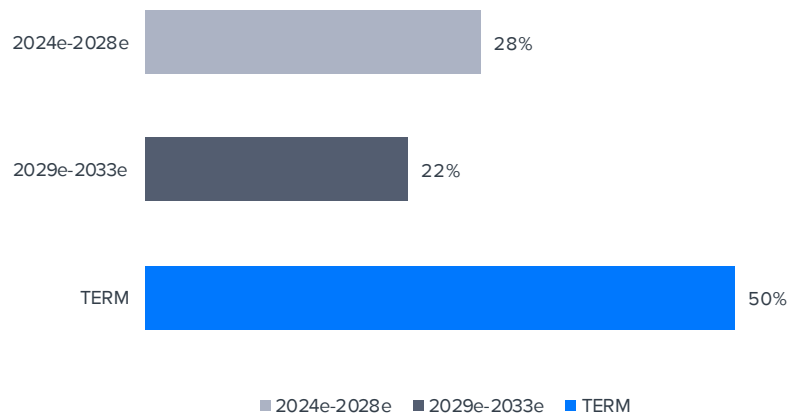
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
<b>Equity</b>	<b>117</b>	<b>120</b>	<b>126</b>	<b>135</b>	<b>145</b>
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	23.4	25.8	32.1	40.7	50.8
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.3	0.3	0.3	0.3	0.3
Other equity	92.8	93.2	93.2	93.2	93.2
Minorities	0.3	0.3	0.8	0.8	0.8
<b>Non-current liabilities</b>	<b>94.6</b>	<b>92.0</b>	<b>86.5</b>	<b>81.5</b>	<b>81.5</b>
Deferred tax liabilities	1.6	1.5	1.5	1.5	1.5
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	93.0	90.5	85.0	80.0	80.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>69.2</b>	<b>66.9</b>	<b>58.5</b>	<b>60.9</b>	<b>63.9</b>
Interest bearing debt	7.9	8.2	5.0	5.0	5.0
Payables	59.6	58.3	53.1	55.5	58.5
Other current liabilities	1.6	0.4	0.4	0.4	0.4
<b>Balance sheet total</b>	<b>281</b>	<b>278</b>	<b>271</b>	<b>277</b>	<b>291</b>

# DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	3.2 %	-3.2 %	4.6 %	5.4 %	3.2 %	3.0 %	2.5 %	2.0 %	1.0 %	1.0 %	1.0 %	1.0 %
EBIT-%	5.5 %	6.1 %	8.2 %	9.3 %	10.0 %	10.0 %	9.7 %	9.5 %	9.2 %	9.0 %	9.0 %	9.0 %
<b>EBIT (operating profit)</b>	<b>11.7</b>	<b>12.4</b>	<b>17.6</b>	<b>21.0</b>	<b>23.2</b>	<b>23.9</b>	<b>23.8</b>	<b>23.8</b>	<b>23.2</b>	<b>23.1</b>	<b>23.3</b>	
+ Depreciation	11.5	11.9	10.1	9.5	9.0	8.7	8.5	8.3	8.2	8.2	8.1	
- Paid taxes	-1.5	-1.6	-2.8	-3.5	-4.0	-4.1	-4.1	-4.1	-4.0	-4.0	-4.0	
- Tax, financial expenses	-1.0	-0.9	-0.8	-0.8	-0.8	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	
+ 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	-0.7	-3.3	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	
<b>Operating cash flow</b>	<b>20.1</b>	<b>18.5</b>	<b>24.0</b>	<b>26.0</b>	<b>27.4</b>	<b>27.6</b>	<b>27.3</b>	<b>27.2</b>	<b>26.7</b>	<b>26.5</b>	<b>26.6</b>	
+ 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	0.0	
- Gross CAPEX	-11.1	-9.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-7.7	
<b>Free operating cash flow</b>	<b>9.0</b>	<b>9.5</b>	<b>16.0</b>	<b>18.0</b>	<b>19.4</b>	<b>19.6</b>	<b>19.3</b>	<b>19.2</b>	<b>18.7</b>	<b>18.5</b>	<b>18.9</b>	
+/- Other	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	9.0	9.0	16.0	18.0	19.4	19.6	19.3	19.2	18.7	18.5	18.9	252
<b>Discounted FCFF</b>		<b>8.5</b>	<b>13.9</b>	<b>14.5</b>	<b>14.3</b>	<b>13.4</b>	<b>12.1</b>	<b>11.1</b>	<b>9.9</b>	<b>9.0</b>	<b>8.5</b>	<b>113</b>
Sum of FCFF present value		229	220	206	192	177	164	152	141	131	122	113
<b>Enterprise value DCF</b>		<b>229</b>										
- Interest bearing debt		-98.7										
+ Cash and cash equivalents		15.6										
-Minorities		-0.6										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>145</b>										
<b>Equity value DCF per share</b>		<b>4.0</b>										

## Cash flow distribution

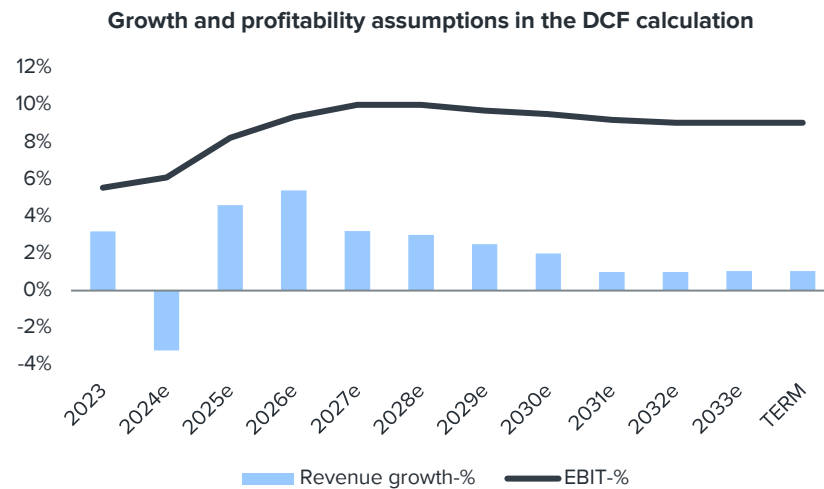
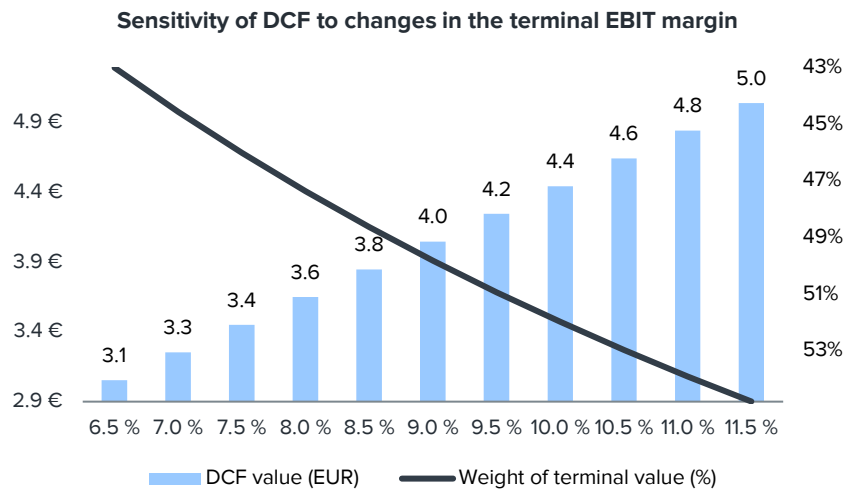
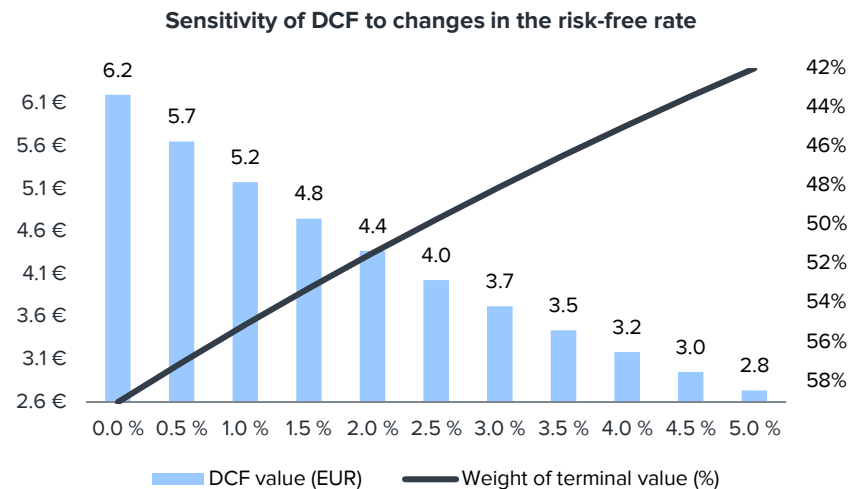
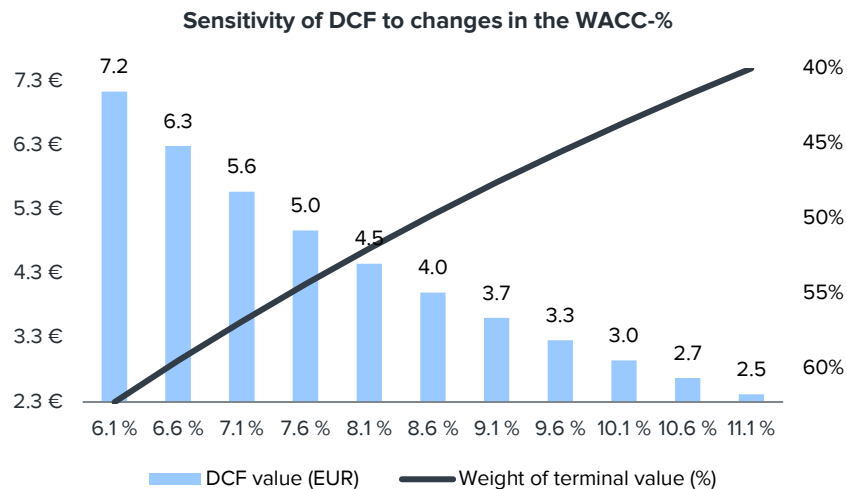


## WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	23.0 %
Cost of debt	4.5 %
Equity Beta	1.35
Market risk premium	4.75%
Liquidity premium	1.20%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>10.1 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.6 %</b>

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	179.3	204.4	210.9	<b>204.1</b>	<b>213.5</b>	EPS (reported)	0.22	0.22	0.16	<b>0.18</b>	<b>0.30</b>
EBITDA	25.8	23.8	23.2	<b>24.4</b>	<b>27.7</b>	EPS (adj.)	0.29	0.34	0.21	<b>0.18</b>	<b>0.30</b>
EBIT	16.4	13.2	11.7	<b>12.4</b>	<b>17.6</b>	OCF / share	0.50	0.50	0.56	<b>0.52</b>	<b>0.67</b>
PTP	10.3	10.3	7.1	<b>7.9</b>	<b>13.6</b>	FCF / share	-0.23	-0.51	0.25	<b>0.25</b>	<b>0.45</b>
Net Income	7.8	7.8	5.6	<b>6.3</b>	<b>10.8</b>	Book value / share	3.24	3.29	3.35	<b>3.50</b>	<b>3.75</b>
Extraordinary items	-2.6	-4.3	-1.9	<b>-0.3</b>	<b>0.0</b>	Dividend / share	0.10	0.10	0.00	<b>0.06</b>	<b>0.10</b>
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	249.8	280.7	278.4	<b>271.3</b>	<b>277.4</b>	Revenue growth-%	12%	14%	3%	<b>-3%</b>	<b>5%</b>
Equity capital	114.9	116.9	119.6	<b>126.3</b>	<b>135.0</b>	EBITDA growth-%	-2%	-8%	-2%	<b>5%</b>	<b>14%</b>
Goodwill	135.2	157.6	158.0	<b>158.5</b>	<b>158.5</b>	EBIT (adj.) growth-%	10%	-8%	-22%	<b>-6%</b>	<b>38%</b>
Net debt	59.3	85.6	83.1	<b>76.6</b>	<b>66.0</b>	EPS (adj.) growth-%	-10%	16%	-39%	<b>-12%</b>	<b>63%</b>
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	14.4 %	11.6 %	11.0 %	<b>11.9 %</b>	<b>13.0 %</b>
EBITDA	25.8	23.8	23.2	<b>24.4</b>	<b>27.7</b>	EBIT (adj.)-%	10.6 %	8.5 %	6.4 %	<b>6.3 %</b>	<b>8.2 %</b>
Change in working capital	-3.2	-3.0	-0.7	<b>-3.3</b>	<b>-0.2</b>	EBIT-%	9.1 %	6.4 %	5.5 %	<b>6.1 %</b>	<b>8.2 %</b>
Operating cash flow	17.7	17.9	20.1	<b>18.5</b>	<b>24.0</b>	ROE-%	8.6 %	6.8 %	4.7 %	<b>5.1 %</b>	<b>8.3 %</b>
CAPEX	-25.8	-36.1	-11.1	<b>-9.0</b>	<b>-8.0</b>	ROI-%	9.0 %	6.4 %	5.4 %	<b>5.7 %</b>	<b>8.1 %</b>
Free cash flow	-8.2	-18.2	9.0	<b>9.0</b>	<b>16.0</b>	Equity ratio	46.0 %	41.6 %	42.9 %	<b>46.6 %</b>	<b>48.7 %</b>
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	51.6 %	73.2 %	69.5 %	<b>60.6 %</b>	<b>48.9 %</b>
EV/S	1.9	1.3	0.9	<b>0.9</b>	<b>0.8</b>						
EV/EBITDA (adj.)	13.3	11.3	8.2	<b>7.4</b>	<b>6.1</b>						
EV/EBIT (adj.)	18.2	15.4	14.5	<b>14.1</b>	<b>9.7</b>						
P/E (adj.)	27.4	15.0	15.2	<b>15.6</b>	<b>9.5</b>						
P/B	2.5	1.6	0.9	<b>0.8</b>	<b>0.8</b>						
Dividend-%	1.2 %	1.9 %	0.0 %	<b>2.1 %</b>	<b>3.5 %</b>						

Source: Inderes

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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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Date	Recommendation	Target	Share price
3/29/2021	Reduce	8.60 €	8.50 €
5/20/2021	Accumulate	9.30 €	8.78 €
8/26/2021	Accumulate	9.30 €	8.27 €
11/11/2021	Accumulate	9.30 €	8.33 €
3/3/2022	Accumulate	7.60 €	6.50 €
5/4/2022	Accumulate	7.20 €	6.05 €
5/19/2022	Buy	7.20 €	5.74 €
8/18/2022	Accumulate	6.50 €	5.50 €
10/27/2022	Buy	5.50 €	3.90 €
11/2/2022	Buy	5.50 €	4.15 €
11/29/2022	Accumulate	5.50 €	4.75 €
3/1/2023	Accumulate	5.40 €	4.89 €
5/10/2023	Accumulate	5.10 €	4.40 €
8/17/2023	Buy	5.00 €	4.00 €
9/5/2023	Buy	5.00 €	3.99 €
10/20/2023	Accumulate	4.00 €	3.38 €
11/3/2023	Accumulate	3.30 €	2.88 €
2/28/2024	Accumulate	3.00 €	2.65 €
5/10/2024	Accumulate	3.20 €	2.88 €



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