Sitowise

Company report

08/18/2022

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Inderes corporate customer

This report is a summary translation of the report “Kasvu vaatii panostuksia” published on 08/18/2022 at 7:54 am.

Efforts required for growth

We lower our recommendation for Sitowise to Accumulate and revise our target price to EUR 6.50 (was EUR 7.20). The Q2 result was below our expectations, partly due to exceptionally active staff development. For the rest of the year, the result is expected to improve, and the guidance remained unchanged. The future outlook remains positive with market activity and a strong order book. We see continued growth in the coming years, both organically and through acquisitions, even though risks related to profitability are now elevated. Due to higher risks, the upside potential has become more moderate, but given the potential and the quality of the company, the expected return with dividend remains attractive.

Q2 report was weaker than expected

Sitowise's net sales increased by 11% to ca. EUR 51.7 million year-on-year, above our forecast of EUR 50.9 million. A major part of the growth is explained by acquisitions made by the company, but organic net sales also grew by 4% in Q1. The order book remained at a strong level, up 21% year-on-year, which bodes well for growth prospects. The company said it invested exceptionally heavily in staff training during the quarter, which had a clear impact on profitability. Adjusted EBITA declined to EUR 4.9 million from the comparison period (Q2'21: 5.9 MEUR). We estimate that some of the above-mentioned costs are of a one-off nature due to the exceptional investment, which partly mitigates the disappointment of missing the profitability estimates. In addition, COVID sick leaves still had an impact. In total, these are estimated to be around EUR 1 million. All in all, the H1 result leaves much room for improvement for the rest of the year.

Growth prospects for the coming years remain good

Despite the weak result, Sitowise reiterated its guidance for 2022. The company estimates that both net sales and adjusted EBITA in euros will increase compared to 2021. The company expects profitability to improve in H2, but the risks of earnings disappointment have increased after the Q2. Market demand remained strong in Q2, but in the short term, market uncertainties may slow down customers' decision-making. There have been no significant effects yet. Based on the weak Q2 report, we lowered our estimates slightly. We expect the company's growth to be strong and net sales to increase by 11% to around EUR 199 million in 2022. We estimate that the adjusted EBITA reaches EUR 21.2 million thanks to the increase in net sales. In the next few years, we expect an annual moderate growth rate of some 6% after 2022. In our forecasts, profitability improves (23-24e avg.: 11.6%), with volumes increasing and the share of digital services growing towards the company's historical levels and targets (at least 12%). In addition to organic growth, the company is actively seeking acquisitions that create a good growth option for the company.

Valuation remains moderate, but risks are increasing

We think Sitowise's valuation is moderate (2022e: adj. EV/EBITDA: 10x adj. P/E: 15x) in relation to the company's growth prospects and for 2023 the valuation (EV/EBITDA: 8x, P/E: 13x) goes down clearly more. At the lower limit of the valuation range that we have adopted (EV/EBITDA: 11x, P/E: 18x), the stock would have clear upside potential. However, there may be room for downside valuation if earnings disappointments persist, as the rationale for our range is partly based on the company's consistently good performance. Nevertheless, we are confident of good growth prospects in the coming years, which makes valuation attractive. We also believe that the stock is priced moderately compared to peers and that the 2-3% dividend yield supports the expected return. The value of our DCF calculation (EUR 8.1) is also above the current share price.

Recommendation

Accumulate
(previous Buy)

EUR 6.50
(previous EUR 7.20)

Share price:
5.50

Key figures

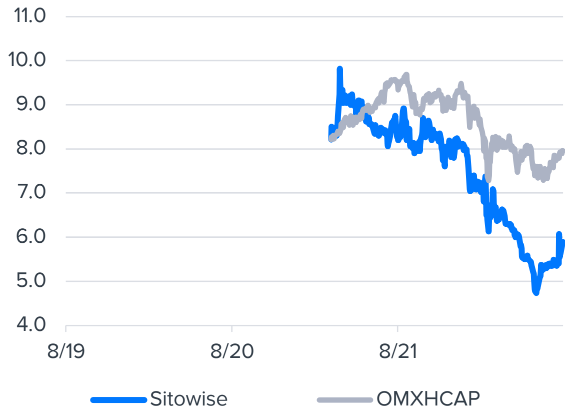
	2021	2022e	2023e	2024e
Revenue	179.3	199.5	214.2	224.7
growth-%	12%	11%	7%	5%
EBIT adj.	18.9	19.0	21.9	23.8
EBIT-% adj.	10.6 %	9.5 %	10.2 %	10.6 %
Net Income	7.8	9.8	15.3	16.8
EPS (adj.)	0.29	0.37	0.43	0.47
P/E (adj.)	27.4	14.8	12.7	11.6
P/B	2.5	1.6	1.5	1.4
Dividend yield-%	1.2 %	2.5 %	2.9 %	3.3 %
EV/EBIT (adj.)	18.2	13.1	10.9	9.6
EV/EBITDA	13.3	9.6	7.6	6.8
EV/S	1.9	1.2	1.1	1.0

Source: Inderes

Guidance (Unchanged)

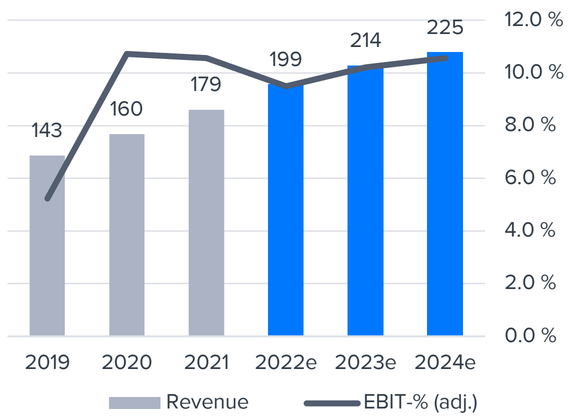
Sitowise Group estimates that both net sales and adjusted EBITA in euros will increase compared to 2021.

Share price



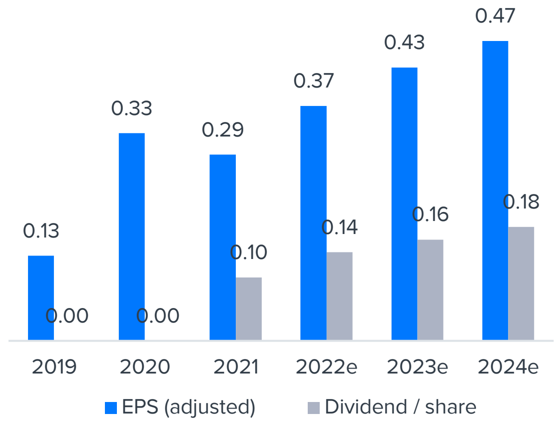
Source: Millistream Market Data AB

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Faster organic growth than market growth and acquisitions
- Maintaining high 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

- Cyclicality of the underlying market in construction
- Sustainably maintain high profitability levels
- Weakening of the market after good years
- Challenges of Nordic expansions and a new market
- Failure in acquisitions
- Dependency on personnel and adequacy of incentives for key personnel

Valuation	2022e	2023e	2024e
Share price	5.50	5.50	5.50
Number of shares, millions	35.4	35.4	35.4
Market cap	195	195	195
EV	247	238	227
P/E (adj.)	14.8	12.7	11.6
P/B	1.6	1.5	1.4
EV/Sales	1.2	1.1	1.0
EV/EBITDA	9.6	7.6	6.8
EV/EBIT (adj.)	13.1	10.9	9.6
Payout ratio (%)	50.4 %	37.1 %	38.0 %
Dividend yield-%	2.5 %	2.9 %	3.3 %

Source: Inderes

Result missed expectations

Strong growth in net sales

Sitowise's net sales increased by 11% to ca. EUR 51.7 million year-on-year, above our forecast of EUR 50.9 million. A major part of the growth is explained by acquisitions made by the company, but organic net sales also grew by 4% in Q1. By business line Digital Solutions (+49%) showed strong growth. In Sweden, net sales growth slowed (11%), although it was already mainly organic. Furthermore, net sales growth in Buildings (8%) and Infrastructure (6%) reflects the good momentum in the market. Projects still seem to be progressing reasonably well in the sector and there are no significant investment delays or postponements in Sitowise's figures. As a sign of this, the order book remained at a strong level of EUR 169 million, up 21% year-on-year. This bodes well for growth prospects in the current year, together with continued strong market demand.

Profitability was weaker than expected

During the quarter, the company invested exceptionally much in staff training and customer meetings, which had a clear impact on profitability through both direct costs and lower billing rates. This together with COVID-related sick leaves directly affected profitability by our estimate of around EUR 1 million. Thus, adjusted EBITA declined to EUR 4.9 million from the comparison period (Q2'21: 5.9 MEUR) and clearly missed our EUR 6.2 million forecast. The EBITA margin fell to 9.5% year-on-year (Q2'21: 12.7%). We estimate that some of the above-mentioned costs are of a one-off nature due to the exceptional investment, which partly mitigates the the disappointment of missing the profitability estimates. However, as expected, the removal of COVID period savings will weigh on profitability, especially when compared to 2020 (adj. EBITA-%: 12.9%) as business activity returns to normal levels.

Guidance unchanged

Despite the weak result, Sitowise reiterated its guidance for 2022. The company estimates that both net sales and adjusted EBITA in euros will increase compared to 2021. In H1, adjusted EBITA was EUR 10.1 million, down from EUR 10.6 million of the comparison period. There is plenty of work for H2, but the company expects profitability to improve in H2. Market demand remained strong in the second quarter, but in the short term, market uncertainties may slow down customers' decision-making. However, the order book that grew around 20% provides good support for growth prospects in 2022. The market still seems to be doing well amid uncertainty, and the company's active stance in the M&A market should stimulate growth in the coming years.

Estimates	Q2'21	Q2'22	Q2'22e	Q2'22e	Consensus		Difference (%)	2022e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	46.5	51.7	50.9				2%	199
EBITA (adj.)	5.9	4.9	6.2				-20%	22.6
EBIT	4.2	2.7	5.6				-52%	18.7
PTP	4.3	2.4	5.0				-53%	15.5
EPS (reported)	0.10	0.04	0.12				-67%	0.35
Revenue growth-%	7.6 %	11.2 %	9.4 %				1.8 pp	10.8 %
EBITA-% (adj.)	12.7 %	9.5 %	12.1 %				-2.6 pp	11.4 %

Source: Inderes

We lowered our estimates slightly

Growth remains strong in our estimates

We lowered our estimates slightly due to disappointing results, but otherwise the changes were small. After a weaker period in 2021, the market has clearly recovered and demand has remained strong. Thus, we estimate that organic growth will continue in 2022 and will be supported by acquisitions made by the company. We expect growth from the Buildings and Infrastructure business areas thanks to strengthened order books. At the same time, we also forecast strong growth in Sweden and Digital Solutions from their low levels, although growth in Sweden has already slowed down a little. We expect net sales to grow by 11% to ca. EUR 199 million in 2022.

We expect that the profitability margin decreases this year. According to our estimates, the company's expansion phase, recruitment for growth (+staff training), comparison periods that were boosted by COVID savings and cost pressures will burden Sitowise's profitability in the near future. An example of this was also seen in the Q2 results, when the company returned to normal activity after COVID and new staff had to be trained. However, H1 also had one-off elements (COVID sick leaves), which are unlikely to continue at the same level. We expect adjusted EBITA to increase marginally to 21.2 MEUR and are thus at the lower end of the guidance range (2021: 21.1 MEUR). The margin is expected to fall to 10.6% from 11.8% of the comparison period. This is below the peak level (2020: 12.9%), but close to the company's 12% target.

Growth expected to continue in the coming years

For 2023, we expect market growth to still remain moderate (1-3 %) and to support organic growth. In addition, the acquisitions already made will support growth in 2023. We expect net sales to grow by 7% to around EUR 214 million. Organic growth is supported by the company's expanded offering and good long-term market trends, as well as an increase in the degree of penetration of consultation and Sitowise's digitalization expertise.

With strong growth, we will also see growth in margins and earnings in 2023, as the risk factors in the market also subside (inflation) and front-loaded costs start to pay off. We predict that the adjusted EBITA for 2023 will rise to EUR 24.4 million and that the margin will be 11.4%.

Estimate revisions	2022e	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	199	199	0%	213	214	0%	224	225	0%
EBITA (adj.)	22.3	21.2	-5%	24.5	24.4	0%	26.2	26.3	0%
EBITA	20.6	17.9	-13%	24.5	24.4	0%	26.2	26.3	0%
PTP	15.5	12.7	-18%	20.1	19.2	-5%	21.8	21.0	-4%
EPS (excl. NRIs)	0.40	0.37	-7%	0.45	0.43	-5%	0.49	0.47	-4%
DPS	0.14	0.14	0%	0.16	0.16	0%	0.18	0.18	0%

Expected return is attractive

Acceptable valuation

We have gauged Sitowise's acceptable valuation through the company's closest peers in our recent extensive report. Due to Sitowise's good historical performance, a strong willingness to grow and better profitability, we believe it deserves at least the historical multiples of them. Our acceptable valuation range for Sitowise is: P/E 18-20x and EV/EBITDA: 11-12x. We narrowed our range slightly from the top, as risks related to earnings and the market have increased. The bottom end of the range may also be under pressure if performance doesn't show signs of improvement towards the end of the year.

Absolute multiples

For 2022, the share valuation is quite moderate (2022e: adj. EV/EBITDA: 10x adj. P/E: 15x), considering Sitowise's growth prospects. Relative to the lower end of the acceptable valuation range (P/E: 18x, EV/EBITDA: 11x) the share would offer an upside of ca. 20%. In 2023, the valuation drops to even more attractive levels (2023e: adj. P/E: 13x adj. EV/EBITDA: 8), although we continue to rely on 2022.

We are relying on the lower end of our acceptable range because of increased market risks. Uncertainty about the final impact of the market situation also increases the risks for Sitowise, even if there still seems to be sufficient demand. In addition, although consulting and design companies are valued higher than the average on the stock exchange, the quality and performance of the company is already well reflected in our range.

We expect a growing dividend from the company over the next few years. Dividend yield is moderate at current levels of 3-4% and supports the expected return.

Peer group valuation

The valuation of the peer group has clearly moderated during H1 from its high levels in 2021. The 2022 median valuations of the peers (P/E: 17x, EV/EBITDA: (10x) have in our view fallen to a reasonable level. Currently, Sitowise is valued at 5% below its peers, when we consider it justified to price Sitowise above the peer group due to the combination of historical profitability and future growth. We consider a premium of about 10% compared to the peers justified.

DCF valuation

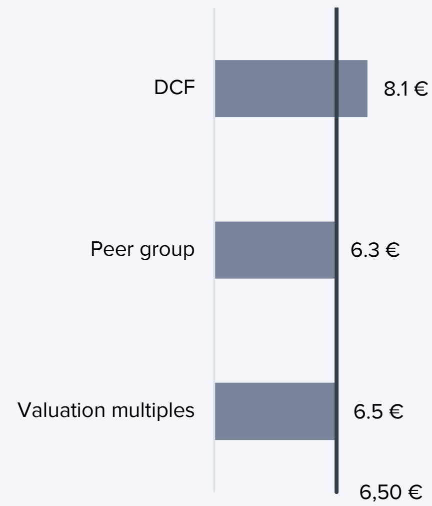
We also use the DCF model in the valuation. The value indicated by the DCF (EUR 8.1) is higher than the current share price and our target price. However, due to the company's acquisition-driven growth, our organic growth-based estimates do not necessarily give the best picture of the company's valuation.

In our model, the company's net sales growth will stabilize at 2% in the terminal period after stronger medium-term growth, and the EBIT margin will be 11.0% of net sales. The cost of capital we use in the DCF model (WACC) is 7.9% (was 7.0 %) and cost of equity is 10.3%. The required rate of return is already low for Sitowise, and we raised it slightly after Q2 as the company's risks increased. However, we consider the risks smaller than those of companies in, e.g., the construction sector, which justifies a lower level of required return.

Valuation	2022e	2023e	2024e
Share price	5.50	5.50	5.50
Number of shares, millions	35.4	35.4	35.4
Market cap	195	195	195
EV	247	238	227
P/E (adj.)	14.8	12.7	11.6
P/B	1.6	1.5	1.4
EV/Sales	1.2	1.1	1.0
EV/EBITDA	9.6	7.6	6.8
EV/EBIT (adj.)	13.1	10.9	9.6
Payout ratio (%)	50.4 %	37.1 %	38.0 %
Dividend yield-%	2.5 %	2.9 %	3.3 %

Source: Inderes

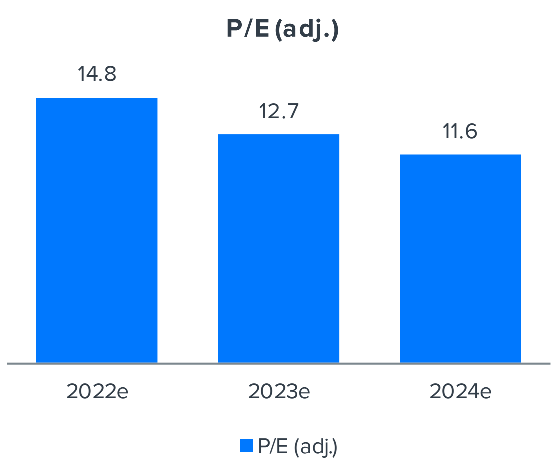
Target price formation

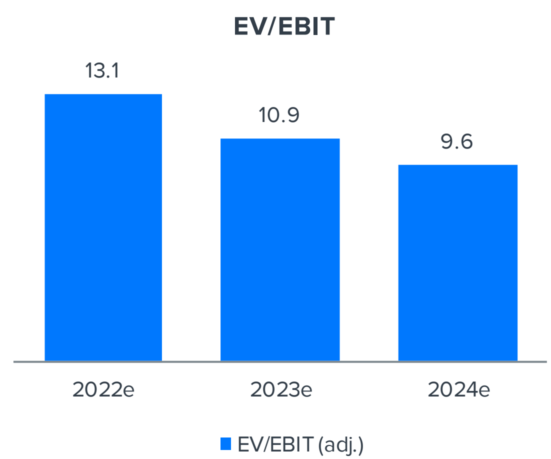


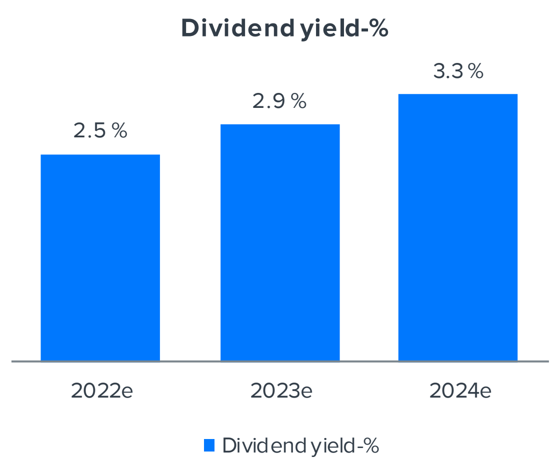
Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price					8.05	**5.50**	**5.50**	**5.50**	**5.50**
Number of shares, millions					35.4	**35.4**	**35.4**	**35.4**	**35.4**
Market cap					285	**195**	**195**	**195**	**195**
EV					345	**247**	**238**	**227**	**216**
P/E (adj.)					27.4	**14.8**	**12.7**	**11.6**	**10.4**
P/B					2.5	**1.6**	**1.5**	**1.4**	**1.3**
EV/Sales					1.9	**1.2**	**1.1**	**1.0**	**0.9**
EV/EBITDA					13.3	**9.6**	**7.6**	**6.8**	**6.0**
EV/EBIT (adj.)					18.2	**13.1**	**10.9**	**9.6**	**8.2**
Payout ratio (%)					45.2 %	**50.4 %**	**37.1 %**	**38.0 %**	**40.0 %**
Dividend yield-%					1.2 %	**2.5 %**	**2.9 %**	**3.3 %**	**3.9 %**

Source: Inderes







Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		P/E		Dividend yield-%		P/B
Company	**MEUR**	**MEUR**	**2022e**	**2023e**	**2022e**	**2023e**	**2022e**	**2023e**	**2022e**	**2023e**	**2022e**
Sweco AB	3859	4296	20.5	19.8	13.6	13.0	24.2	22.7	2.3	2.4	4.3
Afry AB											
Rejlers AB	267	310	14.3	12.8	8.6	8.0	14.6	13.2	2.8	3.2	2.1
WSP Global Inc	14728	16306	23.2	18.9	13.8	11.9	28.3	23.8	0.9	0.9	3.3
Solwers Oyj		72	16.0	14.0	10.0	9.0					
Etteplan Oyj	382	445	15.4	13.8	9.1	8.5	16.6	15.4	3.0	3.2	3.4
Arcadis NV	3127	3398	12.9	11.8	9.2	8.5	16.4	15.0	2.4	2.7	2.8
Sitowise (Inderes)	**195**	**247**	**13.1**	**10.9**	**9.6**	**7.6**	**14.8**	**12.7**	**2.5**	**2.9**	**1.6**
Average			**17.0**	**15.2**	**10.7**	**9.8**	**20.0**	**18.0**	**2.3**	**2.5**	**3.2**
Median			**15.7**	**13.9**	**9.6**	**8.8**	**16.6**	**15.4**	**2.4**	**2.7**	**3.3**
Diff-% to median			***-17%***	***-22%***	***0%***	***-14%***	***-11%***	***-17%***	***7%***	***8%***	***-51%***

Source: Refinitiv / Inderes

Income statement

Income statement	2019	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue	**143**	**160**	**42.8**	**46.5**	**39.6**	**50.5**	**179.3**	**49.2**	**51.7**	**43.6**	**54.9**	**199**	**214**	**225**	**236**
EBITDA	**19.3**	**26.3**	**5.9**	**6.5**	**6.5**	**6.9**	**25.8**	**5.4**	**5.2**	**7.1**	**8.1**	**25.8**	**31.4**	**33.2**	**35.7**
Depreciation	-8.7	-8.0	-2.3	-2.3	-2.5	-2.4	-9.4	-2.5	-2.5	-2.6	-2.6	-10.2	-9.5	-9.5	-9.5
EBITA (adj.)	**15.5**	**20.6**	**4.7**	**5.9**	**4.9**	**5.6**	**21.1**	**5.2**	**4.9**	**5.0**	**6.1**	**21.2**	**24.4**	**26.3**	**28.8**
EBITA	**13.8**	**12.3**	**4.1**	**4.7**	**4.6**	**5.2**	**18.6**	**3.5**	**3.3**	**5.0**	**6.1**	**17.9**	**24.4**	**26.3**	**28.8**
EBIT	**10.6**	**18.3**	**3.7**	**4.2**	**4.0**	**4.6**	**16.4**	**2.9**	**2.7**	**4.5**	**5.5**	**15.7**	**21.9**	**23.8**	**26.3**
Net financial items	-2.3	-2.4	-4.7	0.1	-0.7	-0.8	-6.1	-1.4	-0.3	-0.6	-0.6	-2.9	-2.7	-2.7	-2.7
PTP	**8.4**	**15.9**	**-1.1**	**4.3**	**3.3**	**3.7**	**10.3**	**1.5**	**2.365**	**3.9**	**4.9**	**12.7**	**19.2**	**21.0**	**23.5**
Taxes	-0.5	-3.2	0.3	-0.9	-0.7	-1.0	-2.4	-0.4	-0.8	-0.8	-0.8	-2.8	-3.8	-4.2	-4.7
Minority interest	0.0	-0.1	0.0	-0.1	-0.1	0.0	-0.1	0.0	-0.1	0.0	0.0	-0.1	-0.1	-0.1	-0.1
Net earnings	**7.9**	**12.6**	**-0.8**	**3.3**	**2.5**	**2.7**	**7.8**	**1.1**	**1.5**	**3.0**	**4.1**	**9.8**	**15.3**	**16.8**	**18.7**
EPS (adj.)	**0.13**	**0.33**	**-0.01**	**0.14**	**0.08**	**0.09**	**0.29**	**0.08**	**0.09**	**0.09**	**0.12**	**0.37**	**0.43**	**0.47**	**0.53**
EPS (rep.)	**0.22**	**0.36**	**-0.02**	**0.09**	**0.07**	**0.08**	**0.22**	**0.03**	**0.04**	**0.09**	**0.12**	**0.28**	**0.43**	**0.47**	**0.53**

Key figures	2019	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue growth-%	13.8 %	11.9 %	6.9 %	7.6 %	14.9 %	19.0 %	12.0 %	15.0 %	11.2 %	10.2 %	8.9 %	11.2 %	7.4 %	4.9 %	5.0 %
Adjusted EBITA growth-%		33.3 %	-8.9 %	-17.2 %	11.1 %	44.0 %	2.4 %	10.4 %	-17.3 %	2.4 %	8.9 %	0.4 %	15.1 %	7.7 %	9.5 %
Adjusted EBITA-%	10.8 %	12.9 %	11.0 %	12.7 %	12.4 %	11.1 %	11.8 %	10.6 %	9.5 %	11.5 %	11.1 %	10.6 %	11.4 %	11.7 %	12.2 %

Balance sheet

Assets	2020	2021	2022e	2023e	2024e
Non-current assets	**160**	**177**	**177**	**177**	**178**
Goodwill	118	135	135	135	135
Intangible assets	5.7	7.5	7.2	6.3	5.8
Tangible assets	34.2	31.4	31.6	32.9	34.0
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	1.7	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	0.3	1.1	1.1	1.1	1.1
Current assets	**61.6**	**72.7**	**86.3**	**100**	**114**
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	46.1	53.3	58.8	63.2	66.3
Cash and equivalents	15.5	19.4	27.5	37.2	47.6
Balance sheet total	**222**	**250**	**263**	**278**	**292**

Source: Inderes

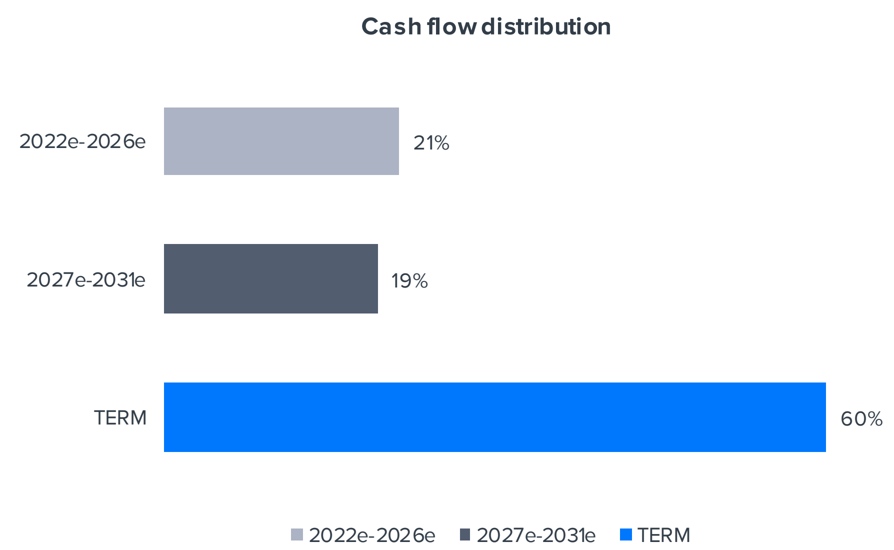
Liabilities & equity	2020	2021	2022e	2023e	2024e
Equity	**66.9**	**115**	**121**	**131**	**143**
Share capital	0.0	0.1	0.1	0.1	0.1
Retained earnings	11.4	18.8	25.1	35.4	46.5
Hybrid bonds	14.1	0.0	0.0	0.0	0.0
Revaluation reserve	0.2	0.3	0.3	0.3	0.3
Other equity	41.0	95.5	95.5	95.5	95.5
Minorities	0.1	0.2	0.2	0.2	0.2
Non-current liabilities	**94.5**	**72.6**	**71.6**	**71.6**	**71.6**
Deferred tax liabilities	2.0	1.6	1.6	1.6	1.6
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	92.6	71.0	70.0	70.0	70.0
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
Current liabilities	**60.1**	**62.3**	**70.6**	**74.8**	**77.8**
Short term debt	9.4	7.6	10.0	10.0	10.0
Payables	47.3	51.0	56.9	61.1	64.1
Other current liabilities	3.4	3.7	3.7	3.7	3.7
Balance sheet total	**222**	**250**	**263**	**278**	**292**

DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
EBIT (operating profit)	**16.4**	**15.7**	**21.9**	**23.8**	**26.3**	**27.7**	**28.8**	**29.4**	**29.6**	**30.4**	**31.0**	
+ Depreciation	9.4	10.2	9.5	9.5	9.5	9.5	9.6	9.6	9.7	9.8	9.8	
- Paid taxes	-3.6	-2.8	-3.8	-4.2	-4.7	-5.0	-5.2	-5.4	-5.5	-5.6	-5.8	
- Tax, financial expenses	-1.4	-0.6	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.4	-0.4	-0.4	
+ 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	-3.2	0.3	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	
Operating cash flow	**17.7**	**22.6**	**26.9**	**28.4**	**30.4**	**31.6**	**32.6**	**33.1**	**33.4**	**34.0**	**34.5**	
+ 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	-25.8	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-9.7	
Free operating cash flow	**-8.2**	**12.6**	**16.9**	**18.4**	**20.4**	**21.6**	**22.6**	**23.1**	**23.4**	**24.0**	**24.8**	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-8.2	12.6	16.9	18.4	20.4	21.6	22.6	23.1	23.4	24.0	24.8	426
Discounted FCFF		**12.3**	**15.2**	**15.3**	**15.7**	**15.5**	**15.0**	**14.2**	**13.3**	**12.7**	**12.1**	**208**
Sum of FCFF present value		349	337	322	306	291	275	260	246	233	220	208
Enterprise value DCF		**349**										
- Interesting bearing debt		-78.6										
+ Cash and cash equivalents		19.4										
-Minorities		-0.3										
-Dividend/capital return		-3.5										
Equity value DCF		**286**										
Equity value DCF per share		**8.1**										

Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	30.0 %
Cost of debt	3.0 %
Equity Beta	1.50
Market risk premium	4.75%
Liquidity premium	1.20%
Risk free interest rate	2.0 %
Cost of equity	**10.3 %**
Weighted average cost of capital (WACC)	**7.9 %**

Source: Inderes



Summary

Income statement	2019	2020	2021	2022e	2023e
Revenue	143.0	160.1	179.3	**199.5**	**214.2**
EBITDA	19.3	26.3	25.8	**25.8**	**31.4**
EBIT	10.6	18.3	16.4	**15.7**	**21.9**
PTP	8.4	15.9	10.3	**12.7**	**19.2**
Net Income	7.1	12.7	7.8	**9.8**	**15.3**
Extraordinary items	3.2	1.1	-2.6	**-3.3**	**0.0**

Balance sheet	2019	2020	2021	2022e	2023e
Balance sheet total	188.4	221.5	249.8	**263.3**	**277.8**
Equity capital	57.4	66.9	114.9	**121.1**	**131.5**
Goodwill	101.7	118.1	135.2	**135.2**	**135.2**
Net debt	74.8	86.5	59.3	**52.5**	**42.8**

Cash flow	2019	2020	2021	2022e	2023e
EBITDA	19.3	26.3	25.8	**25.8**	**31.4**
Change in working capital	3.1	2.1	-3.2	**0.3**	**-0.1**
Operating cash flow	21.7	27.9	17.7	**22.6**	**26.9**
CAPEX	-43.8	-33.1	-25.8	**-10.0**	**-10.0**
Free cash flow	-22.9	-5.1	-8.2	**12.6**	**16.9**

Valuation multiples	2019	2020	2021	2022e	2023e
EV/S	0.5	0.5	1.9	**1.2**	**1.1**
EV/EBITDA (adj.)	3.9	3.3	13.3	**9.6**	**7.6**
EV/EBIT (adj.)	10.0	5.0	18.2	**13.1**	**10.9**
P/E (adj.)	0.0	0.0	27.4	**14.8**	**12.7**
P/B	0.0	0.0	2.5	**1.6**	**1.5**
Dividend-%			1.2 %	**2.5 %**	**2.9 %**

Source: Inderes

Per share data	2019	2020	2021	2022e	2023e
EPS (reported)	0.22	0.36	0.22	**0.28**	**0.43**
EPS (adj.)	0.13	0.33	0.29	**0.37**	**0.43**
OCF / share	0.62	0.79	0.50	**0.64**	**0.76**
FCF / share	-0.65	-0.15	-0.23	**0.36**	**0.48**
Book value / share	1.62	1.90	3.24	**3.42**	**3.71**
Dividend / share	0.00	0.00	0.10	**0.14**	**0.16**

Growth and profitability	2019	2020	2021	2022e	2023e
Revenue growth-%	14%	12%	12%	**11%**	**7%**
EBITDA growth-%	-1%	36%	-2%	**0%**	**22%**
EBIT (adj.) growth-%	-41%	130%	10%	**0%**	**15%**
EPS (adj.) growth-%	-47%	144%	-10%	**26%**	**16%**
EBITDA-%	13.5 %	16.4 %	14.4 %	**12.9 %**	**14.7 %**
EBIT (adj.)-%	5.2 %	10.7 %	10.6 %	**9.5 %**	**10.2 %**
EBIT-%	7.4 %	11.4 %	9.1 %	**7.8 %**	**10.2 %**
ROE-%	15.4 %	20.4 %	8.6 %	**8.3 %**	**12.1 %**
ROI-%	8.5 %	11.7 %	9.0 %	**7.9 %**	**10.6 %**
Equity ratio	30.4 %	30.2 %	46.0 %	**46.0 %**	**47.3 %**
Gearing	130.4 %	129.3 %	51.6 %	**43.4 %**	**32.6 %**

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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
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 €

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