

# Solwers

## Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Taseessa on tuntuvasti pelimerkkejä” published on 9/1/2023 at 8:20 am EEST

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# Lot of chips in the balance sheet

The H1 figures published by Solwers on Thursday met our expectations. We have lowered our short-term organic growth forecasts considering the investment outlook, the competitive situation that limits price increases and the weak SEK. Relative to the earnings level of the current businesses, the valuation of the share is fairly neutral. We expect the company to carry out sensible acquisitions with its considerable cash resources. Improving the efficiency of capital use is also expected to act as a driver of the share value. Thus, we reiterate our Accumulate recommendation even though, reflecting the estimate changes, we cut our target price to EUR 5.0 (was EUR 6.0).

## H1 figures quite well in line with our expectations

Solwers' H1'23 revenue increased by 2% from the comparison period to EUR 33.2 million, which was in line with our estimate. Revenue growth was strengthened by completed acquisitions, while we suspect that Group level organic growth was in the red especially considering the weak SEK. For H1, EBITA reached EUR 3.5 million, being 3% below our estimate. H1 EBITA-% reached 10.7%, which was nearly the same as our 11% estimate. Profitability decreased clearly from a fairly good level in the comparison period (H1'22: 11.7%), reflecting wage inflation, which we suspect is not reflected in project prices in the current competitive environment. [We commented](#) on the H1 result in more detail on Thursday morning.

## Balance sheet is overcapitalized, we cut our organic growth estimates

Despite the operational cash flow of H1 being limited by working capital commitment (H1'23: 0.7 MEUR), the overall picture of the financial position remained unchanged. At the end of H1, the company's net debt was EUR 17.3 million, which corresponds to a 2.2x ratio relative to EBITDA for the previous 12 months. We consider this a rather reasonable level, but at the end of H1 the company had EUR 14 million in cash assets and interest-bearing debt of EUR 31.2 million. Thus, the company's balance sheet has considerable leeway for acquisitions and strengthening return on capital. Based on the comments, the company is still looking for a few acquisitions this year. In its outlook, Solwers expects its revenue to grow and the result to remain at a good level this year. We believe, the growth guidance reflects completed acquisitions and acquisitions expected to be achieved later in the year, while the order backlog, market situation or pricing environment do not support organic growth in the short term. We have, therefore, cut our estimates for the rest of the year, especially in terms of organic growth, based on which our 2023 and 2024 EBITA estimates decreased by 9% and 12%.

## The valuation is twofold

P/E ratios for 2023-2024 based on our estimates are around 17x and corresponding EV/EBIT ratios that consider the balance sheet structure are 11x. For current businesses, we consider these valuation multiples to be fairly neutral as a whole. In relative terms at EV-based valuation multiples, the share is valued significantly (~30%) below the peer group and the current share price level is also well below the value of our DCF model (EUR 5.9 per share). This mirrors the significant cash assets in the balance sheet and the potential to improve the efficiency of the balance sheet. We expect the company to become active in M&A transactions in the near future. We also expect this to serve as a driver for the share value, as we believe the company has historically succeeded in executing sensible acquisitions, considering the qualitative factors of the targets and the valuation of the acquisitions.

## Recommendation

**Accumulate**

(previous Accumulate)

**EUR 5.00**

(previous EUR 6.00)

**Share price:**

4.32



## Key figures

	2022	2023e	2024e	2025e
<b>Revenue</b>	62.8	63.6	64.0	65.9
<b>growth-%</b>	41%	1%	1%	3%
<b>EBIT adj.</b>	5.1	4.5	4.4	5.0
<b>EBIT-% adj.</b>	8.1 %	7.2 %	6.9 %	7.5 %
<b>Net Income</b>	3.4	2.5	2.6	3.1
<b>EPS (adj.)</b>	0.35	0.25	0.26	0.31
<b>P/E (adj.)</b>	12.2	17.0	16.6	13.8
<b>P/B</b>	1.1	1.1	1.1	1.0
<b>Dividend yield-%</b>	1.7 %	2.1 %	2.3 %	2.8 %
<b>EV/EBIT (adj.)</b>	9.8	11.1	11.0	9.2
<b>EV/EBITDA</b>	6.1	6.6	6.2	5.5
<b>EV/S</b>	0.8	0.8	0.8	0.7

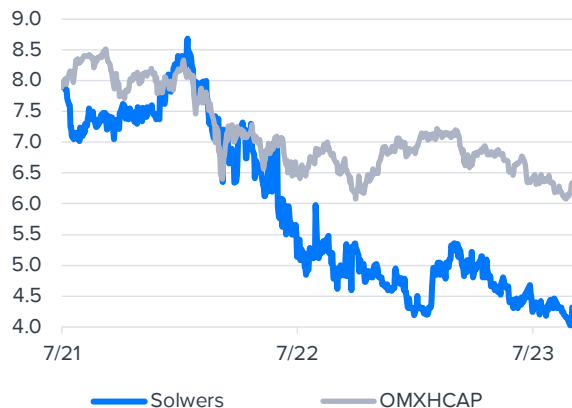
Source: Inderes

## Guidance

(Unchanged)

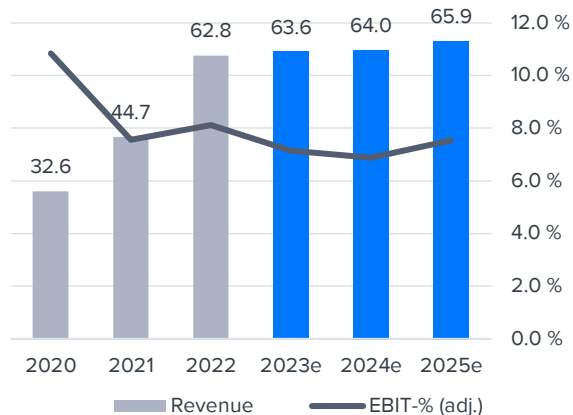
Solwers expects its revenue to grow and the result to remain at a good level

## Share price



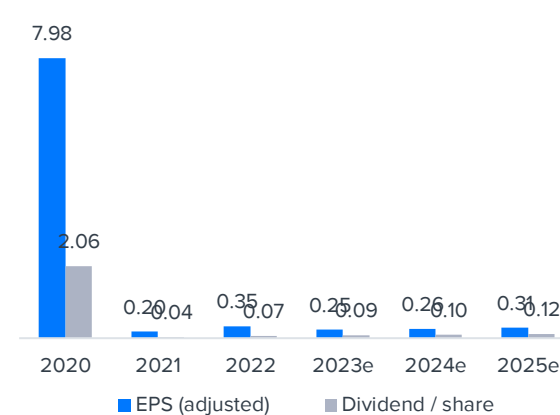
Source: Millstream Market Data AB

## Revenue and EBIT-%



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- Long-term organic growth supported by market growth
- Good profitability and cash flow ratio
- Good preconditions to continue the rapid and value creating inorganic growth strategy
- Efficient and agile acquisition process



## Risk factors

- The cyclical nature of customer industries and a weaker investment outlook
- Uncertainty and low visibility related to the development of billable utilization and thus profitability
- Risks related to inorganic growth
- Personal dependence

Valuation	2023e	2024e	2025e
Share price	4.32	4.32	4.32
Number of shares, millions	9.9	9.9	9.9
Market cap	43	43	43
EV	51	48	46
P/E (adj.)	17.0	16.6	13.8
P/E	17.0	16.6	13.8
P/B	1.1	1.1	1.0
P/S	0.7	0.7	0.6
EV/Sales	0.8	0.8	0.7
EV/EBITDA	6.6	6.2	5.5
EV/EBIT (adj.)	11.1	11.0	9.2
Payout ratio (%)	35.4 %	38.3 %	38.4 %
Dividend yield-%	2.1 %	2.3 %	2.8 %

Source: Inderes

# H1 figures were well in line with our expectations

## The growth rate met our expectations

Solwers' revenue increased by 2% from the comparison period in H1'23 and reached good EUR 33 million in line with our expectations. Based on the company's comments, it grew organically in Finland, but the weaker SEK slowed down the growth rate.

Our estimate expected a 4% decline in organic revenue, while we estimated inorganic growth to push Group level growth into the black. Thus, we estimate that the decline in organic revenue slightly underestimates the impact of weaker SEK considering the organic growth in Finland.

## Profitability fell almost in line with our expectations

In H1 Solwers' EBITA was EUR 3.5 million, which was a tad below our estimate of EUR 3.7 million. Thus, the company's H1 EBITA margin of 10.7% was close to our estimate of 11%. Overall, the cost structure in H1 was well in line with our expectations as the company used less subcontracting as expected,

which strengthened its 'sales margin'. At the same time, wage costs increased significantly from the comparison period, in line with wage inflation. Considering this, profitability decreased from the comparison period, because in a weakened market situation, the final prices of projects have not, to our understanding, increased in line with wage inflation.

In the lower lines, non-operating cost items were as a whole slightly smaller than we estimated, although, reflecting the substantial interest-bearing debt burden, interest costs increased clearly from the comparison period. Considering this overall picture, H1's EPS reached EUR 0.15 and practically met our expectations.

## Working capital burdened the cash flow a bit, financial position is relatively good

Solwers' cash flow from operating activities was only EUR 0.7 million, while EUR 2 million was committed in working capital in H1. Organic investments were very

small, i.e. just under EUR 0.1 million, but repayments of liabilities under IFRS 16 stood at EUR 1.3 million. Thus, free cash flow for H1 fell to EUR -0.6 million. For the previous 12 months, cash flow from operating activities is clearly stronger (4.7 MEUR) and we expect working capital to normalize toward the end of the year.

At the end of H1'23, Solwers' interest-bearing debt amounted to EUR 31.2 million and the company had EUR 18.5 million in cash. Thus, the company's net debt was EUR 14 million. (2.2x previous 12-month EBITDA). Therefore, there is clearly room to improve balance sheet efficiency. Based on the comments, the company is still looking for a few acquisitions this year, for which current cash assets provide good leeway. We estimate that with the cash assets alone, the company could make acquisitions for roughly EUR 10 million, considering H2's cash flow and normal liquidity needs.

Estimates MEUR / EUR	H1'22	H1'23	H1'23e	H1'23e	Consensus		Difference (%)	2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	32.6	33.2	33.3				0%	63.6
EBITA	3.8	3.5	3.7				-3%	6.7
EBIT	2.8	2.5	2.7				-7%	4.5
PTP	2.6	2.0	2.0				-2%	3.4
EPS (reported)	0.21	0.15	0.15				-1%	0.25
Revenue growth-%	48.3 %	1.9 %	2.1 %				-0.2 pp	1.2 %
EBITA-%	11.7 %	10.7 %	11.0 %				-0.4 pp	10.5 %

Source: Inderes

# We cut the organic growth estimates reflecting the subdued market

## No numerical guidance

As usual, Solwers did not provide a numerical guidance but expects its 2023 revenue to grow and its result to remain at a good level. The company also commented that it expects to make a few acquisitions this year. We suspect the comments on revenue growth refer to inorganic growth, as organic growth is currently hampered by investment activity, price pressure due to the competitive situation and the weakening SEK.

## We cut our organic growth estimates

We have cut our H2 and 2024 organic growth estimate further, reflecting the weakened investment outlook, the weakness of SEK and the competitive situation. We expect the decline in investment activity to lead to a tighter competitive situation, which is normally reflected in pricing. We therefore expect

that, despite the inflationary environment, price increases will not act as a growth driver, although wages increase at the same time. In addition to slowing down growth, we expect this to depress Solwers' and the entire industry's profitability levels.

## Estimates for 2023

We lowered our H2'23 organic growth estimate to -4% (was 0%). Thus, we expect growth to slow to almost zero towards the end of the year, as inorganic growth compensates for the decline in organic revenue. The decrease in revenue estimates also depressed our earnings estimates for the rest of the year slightly and our EBITA estimate for the full year decreased by close on 9% due to estimate changes and H1 outcome, although in absolute terms the change was not particularly large.

## Estimates for 2024

We also cut our 2024 organic growth estimate to zero, as we expect that with the weak economic situation the still "reasonable" order book will be plagued by the subdued market. We expect this to slow down growth opportunities especially next year, unless the market picks up significantly in early 2024, which would improve the growth outlook for the rest of the year. Given the current financial news flow, this seems unlikely. In line with this, our EBITA estimate for next year was also cut by 12% and our margin expectation decreased to 10.3% (cf. 10.5% in 2023e and 11.5% in 2022)

Estimate revisions	2023e		Change	2024e		Change	2025e		Change
	Old	New		Old	New		Old	New	
MEUR / EUR			%			%			%
Revenue	64.8	63.6	-2%	66.3	64.0	-3%	67.9	65.9	-3%
EBITDA	8.4	7.7	-8%	8.6	7.7	-10%	8.8	8.3	-5%
EBIT	5.1	4.5	-11%	5.2	4.4	-16%	5.4	5.0	-8%
PTP	3.8	3.4	-11%	4.2	3.4	-20%	4.5	4.0	-11%
EPS (excl. NRIs)	0.28	0.25	-10%	0.31	0.26	-17%	0.34	0.31	-8%
DPS	0.09	0.090	0%	0.10	0.10	0%	0.12	0.12	0%

Source: Inderes

# The valuation is twofold

## Factors to be considered in valuation

We price Solwers mainly through earnings-based valuation multiples. We particularly favor EV/EBIT and P/E multiples for the next few years in the valuation. The use of EV-based multiples is supported by them considering the balance sheet structure, but due to the small minorities in the Group structure, the operating result does not flow to Solwers' shareholders in full. This, in turn, favors the use of net earnings-based valuation multiples (P/E), which consider the minority interests. However, the minorities are very moderate considering the Group's earnings scale and, thus, do not in our opinion fundamentally distort EV-based valuation multiples.

We note that the company's EBITA includes IFRS16 depreciation, as the company considers them intangible assets. Thus, EV/EBITA gives the wrong impression of the valuation because it does not consider the cash flows used to repay lease liabilities.

## Absolute valuation multiples and relative valuation for the coming years

Solwers' adjusted P/E ratios for 2023 and 2024 according to our estimates are 17x. Corresponding EV/EBIT ratios that consider the strong balance sheet are 11x. In our opinion, the P/E ratios for the next few years are highish purely for existing businesses and their performance level. This overall valuation picture is mirrored by the fact that the P/E ratios for the next few years are slightly above the peer group valuation, where multiples are at a reasonable level in our opinion.

With EV-based multiples that consider the strong balance sheet, Solwers is valued at a discount of

around 30% relative to its peer group. This reflects the fact that the company's balance sheet is overcapitalized.

## DCF model above current share price

Our DCF model indicates a share value of EUR 5.9 per share. This is clearly above the current share price, but it should be noted that a significant part of the value of the DCF model consists of cash that in practice produces nothing. Adjusted for the excess cash, the DCF model would be roughly at the level of our target price, indicating a rather neutral or moderate valuation relative to the current businesses' ability to generate cash flow. This reflects the same dual nature of the relative valuation described above.

## The financial position allows for acquisitions

Considering Solwers' indebtedness at the end of H1'23, we believe the company has roughly EUR 10 million in terms of its financial position and short-term cash flow for new acquisitions. With the historical valuation multiples of completed acquisitions, we estimate that the financial position would enable an increase of approximately EUR 1.5 million in EBIT through acquisitions.

In our view, successful and low-valued acquisitions (i.e. high return on investment) would serve as a driver for value development over the next 12 months. Thus, we consider the risk/return ratio of the share good, although we note that a good expected return at the current share price requires the company to allocate capital to inorganic growth at reasonable valuation levels.

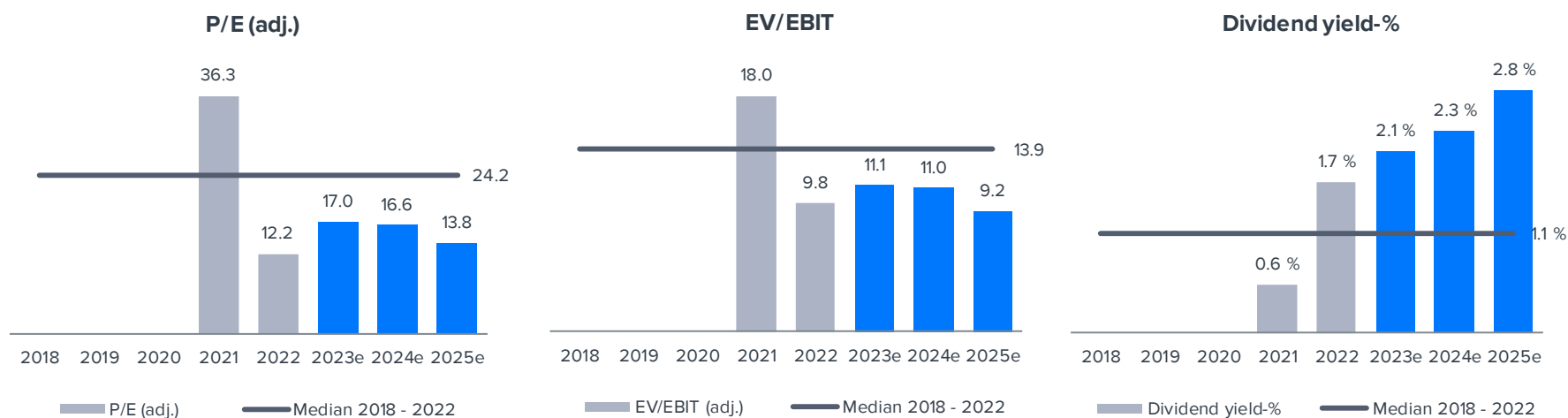
Valuation	2023e	2024e	2025e
Share price	4.32	4.32	4.32
Number of shares, millions	9.9	9.9	9.9
Market cap	43	43	43
EV	51	48	46
P/E (adj.)	17.0	16.6	13.8
P/E	17.0	16.6	13.8
P/B	1.1	1.1	1.0
P/S	0.7	0.7	0.6
EV/Sales	0.8	0.8	0.7
EV/EBITDA	6.6	6.2	5.5
EV/EBIT (adj.)	11.1	11.0	9.2
Payout ratio (%)	35.4 %	38.3 %	38.4 %
Dividend yield-%	2.1 %	2.3 %	2.8 %

Source: Inderes

# Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price				7.20	4.22	4.32	4.32	4.32	4.32
Number of shares, millions				7.24	9.8	9.9	9.9	9.9	9.9
Market cap				52	41	42.8	42.8	42.8	42.8
EV				61	50	50.7	48.2	45.7	43.1
P/E (adj.)				36.3	12.2	17.0	16.6	13.8	13.1
P/E				36.3	12.2	17.0	16.6	13.8	13.1
P/B				1.7	1.1	1.1	1.1	1.0	1.0
P/S				1.2	0.7	0.7	0.7	0.6	0.6
EV/Sales				1.4	0.8	0.8	0.8	0.7	0.6
EV/EBITDA				11.0	6.1	6.6	6.2	5.5	5.2
EV/EBIT (adj.)				18.0	9.8	11.1	11.0	9.2	8.6
Payout ratio (%)				20.2 %	21.1 %	35.4 %	38.3 %	38.4 %	39.5 %
Dividend yield-%				0.6 %	1.7 %	2.1 %	2.3 %	2.8 %	3.0 %

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	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Sitowise	139	222	20.2	10.6	7.7	7.0	1.0	1.0	13.0	10.4	3.1	3.5	1.1
Sweco AB	3277	3846	17.5	15.9	13.3	12.3	1.6	1.5	19.8	17.8	2.6	2.8	3.5
Afry AB	1356	2006	12.3	11.0	8.3	7.7	0.9	0.9	12.3	10.8	4.3	4.9	1.3
Rejlers AB	225	280	13.6	11.7	7.5	6.8	0.8	0.8	12.9	11.2	3.5	4.1	1.5
WSP Global	16062	18981	27.3	23.8	14.7	13.4	2.6	2.4	28.2	24.7	0.8	0.8	3.7
Etteplan	403	474	16.7	14.9	9.9	9.1	1.3	1.2	18.8	16.4	2.5	2.9	3.5
Arcadis NV	3909	5088	14.2	12.7	10.3	9.4	1.2	1.1	16.1	14.2	2.1	2.4	3.2
<b>Solwers (Inderes)</b>	<b>43</b>	<b>51</b>	<b>11.1</b>	<b>11.0</b>	<b>6.6</b>	<b>6.2</b>	<b>0.8</b>	<b>0.8</b>	<b>17.0</b>	<b>16.6</b>	<b>2.1</b>	<b>2.3</b>	<b>1.1</b>
<b>Average</b>			<b>17.4</b>	<b>14.4</b>	<b>10.2</b>	<b>9.4</b>	<b>1.3</b>	<b>1.3</b>	<b>17.3</b>	<b>15.1</b>	<b>2.7</b>	<b>3.0</b>	<b>2.5</b>
<b>Median</b>			<b>16.7</b>	<b>12.7</b>	<b>9.9</b>	<b>9.1</b>	<b>1.2</b>	<b>1.1</b>	<b>16.1</b>	<b>14.2</b>	<b>2.6</b>	<b>2.9</b>	<b>3.2</b>
<b>Diff-% to median</b>			<b>-33%</b>	<b>-14%</b>	<b>-33%</b>	<b>-32%</b>	<b>-31%</b>	<b>-31%</b>	<b>5%</b>	<b>17%</b>	<b>-20%</b>	<b>-19%</b>	<b>-65%</b>

Source: Refinitiv / Inderes



# Income statement

Income statement	2021	H1'22	H2'22	2022	H1'23	H2'23e	2023e	2024e	2025e	2026e
<b>Revenue</b>	<b>44.7</b>	<b>32.6</b>	<b>30.2</b>	<b>62.8</b>	<b>33.19</b>	<b>30.4</b>	<b>63.6</b>	<b>64.0</b>	<b>65.9</b>	<b>67.6</b>
Group	44.7	32.6	30.2	62.8	33.2	30.4	63.6	64.0	65.9	67.6
<b>EBITDA</b>	<b>5.5</b>	<b>4.2</b>	<b>3.9</b>	<b>8.2</b>	<b>4.0</b>	<b>3.7</b>	<b>7.7</b>	<b>7.7</b>	<b>8.3</b>	<b>8.4</b>
Depreciation	-2.1	-1.4	-1.6	-3.1	-1.5	-1.6	-3.2	-3.3	-3.3	-3.3
<b>EBIT</b>	<b>3.4</b>	<b>2.8</b>	<b>2.3</b>	<b>5.1</b>	<b>2.5</b>	<b>2.1</b>	<b>4.5</b>	<b>4.4</b>	<b>5.0</b>	<b>5.0</b>
<b>EBITA</b>	<b>4.7</b>	<b>3.8</b>	<b>3.4</b>	<b>7.2</b>	<b>3.5</b>	<b>3.2</b>	<b>6.7</b>	<b>6.6</b>	<b>7.1</b>	<b>7.0</b>
Net financial items	-1.3	-0.2	-0.3	-0.5	-0.5	-0.7	-1.2	-1.0	-0.9	-0.8
<b>PTP</b>	<b>2.1</b>	<b>2.6</b>	<b>2.0</b>	<b>4.6</b>	<b>2.0</b>	<b>1.4</b>	<b>3.4</b>	<b>3.4</b>	<b>4.0</b>	<b>4.2</b>
Taxes	-0.4	-0.7	-0.3	-1.0	-0.5	-0.3	-0.8	-0.7	-0.8	-0.9
Minority interest	-0.2	-0.1	-0.1	-0.2	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
<b>Net earnings</b>	<b>1.4</b>	<b>1.8</b>	<b>1.6</b>	<b>3.4</b>	<b>1.5</b>	<b>1.0</b>	<b>2.5</b>	<b>2.6</b>	<b>3.1</b>	<b>3.3</b>
<b>EPS (adj.)</b>	<b>0.20</b>	<b>0.18</b>	<b>0.16</b>	<b>0.35</b>	<b>0.15</b>	<b>0.10</b>	<b>0.25</b>	<b>0.26</b>	<b>0.31</b>	<b>0.33</b>
<b>EPS (rep.)</b>	<b>0.20</b>	<b>0.18</b>	<b>0.16</b>	<b>0.35</b>	<b>0.15</b>	<b>0.10</b>	<b>0.25</b>	<b>0.26</b>	<b>0.31</b>	<b>0.33</b>
<b>Key figures</b>	<b>2021</b>	<b>H1'22</b>	<b>H2'22</b>	<b>2022</b>	<b>H1'23</b>	<b>H2'23e</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
<b>Revenue growth-%</b>	36.8 %	48.3 %		40.6 %	1.9 %	0.5 %	1.2 %	0.7 %	3.0 %	2.5 %
<b>EBITDA-%</b>	12.3 %	13.0 %	12.9 %	13.0 %	12.1 %	12.2 %	12.1 %	12.1 %	12.6 %	12.4 %
<b>EBITA-%</b>	10.5 %	11.7 %	11.3 %	11.5 %	10.7 %	10.4 %	10.5 %	10.3 %	10.7 %	10.4 %
<b>Net earnings-%</b>	3.2 %	5.6 %	5.2 %	5.4 %	4.5 %	3.4 %	4.0 %	4.0 %	4.7 %	4.8 %

# Balance sheet

Assets	2021	2022	2023e	2024e	2025e
<b>Non-current assets</b>	<b>44</b>	<b>48</b>	<b>49</b>	<b>48</b>	<b>48</b>
Goodwill	16.6	18.6	19.9	19.9	19.9
Intangible assets	17.8	20.5	19.0	17.6	16.1
Tangible assets	5.9	5.7	6.6	7.5	8.3
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	1.4	1.5	1.4	1.4	1.4
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
<b>Current assets</b>	<b>27</b>	<b>34</b>	<b>37</b>	<b>37</b>	<b>37</b>
Inventories	0.2	0.2	0.2	0.2	0.2
Other current assets	0.3	0.3	0.3	0.3	0.3
Receivables	13.6	14.6	15.3	15.2	15.5
Cash and equivalents	12.6	18.5	21.3	21.2	21.2
<b>Balance sheet total</b>	<b>70</b>	<b>82</b>	<b>86</b>	<b>85</b>	<b>85</b>

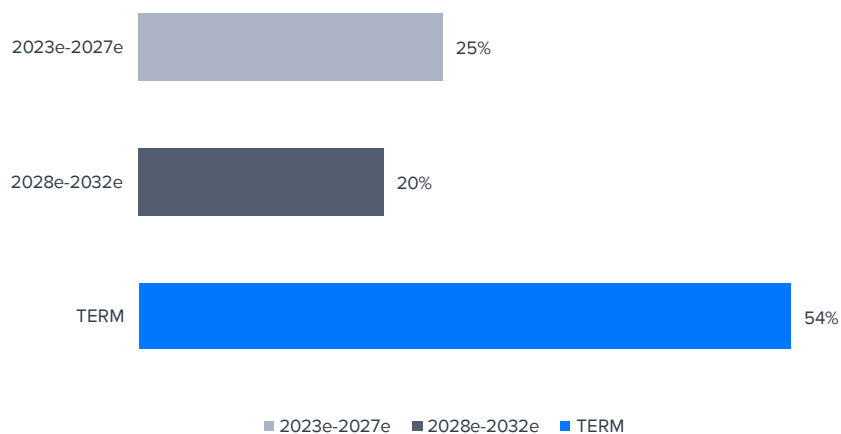
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
<b>Equity</b>	<b>32</b>	<b>38</b>	<b>40</b>	<b>41</b>	<b>43</b>
Share capital	1.0	1.0	1.0	1.0	1.0
Retained earnings	-0.9	0.6	2.4	4.1	6.2
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	31.1	35.9	36	36	36
Minorities	0.6	0.6	0.6	0.6	0.6
<b>Non-current liabilities</b>	<b>20</b>	<b>28</b>	<b>30</b>	<b>27</b>	<b>25</b>
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	16.4	25.0	26.5	24.0	21.5
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	3.9	3.0	3.0	3.0	3.0
<b>Current liabilities</b>	<b>18</b>	<b>16</b>	<b>17</b>	<b>17</b>	<b>17</b>
Short term debt	3.8	1.2	2.0	2.0	2.0
Payables	2.0	3.3	3.8	3.8	4.0
Other current liabilities	12.4	11.0	11.0	11.0	11.0
<b>Balance sheet total</b>	<b>70</b>	<b>82</b>	<b>86</b>	<b>85</b>	<b>85</b>

# DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	40.6 %	1.2 %	0.7 %	3.0 %	2.5 %	2.5 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	8.1 %	7.2 %	6.9 %	7.5 %	7.4 %	8.5 %	8.5 %	8.5 %	8.5 %	8.5 %	8.5 %	8.5 %
<b>EBIT (operating profit)</b>	<b>5.1</b>	<b>4.5</b>	<b>4.4</b>	<b>5.0</b>	<b>5.0</b>	<b>5.9</b>	<b>6.0</b>	<b>6.2</b>	<b>6.3</b>	<b>6.4</b>	<b>6.5</b>	
+ Depreciation	3.1	3.2	3.3	3.3	3.3	3.3	3.3	2.7	2.8	2.8	2.8	
- Paid taxes	-1.0	-0.8	-0.7	-0.8	-0.9	-1.1	-1.2	-1.2	-1.2	-1.2	-1.3	
- Tax, financial expenses	-0.1	-0.3	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-1.0	-0.2	0.1	-0.2	-0.2	0.3	0.1	-0.2	-0.2	-0.2	-0.2	
<b>Operating cash flow</b>	<b>6.0</b>	<b>6.5</b>	<b>6.9</b>	<b>7.1</b>	<b>7.1</b>	<b>8.2</b>	<b>8.1</b>	<b>7.4</b>	<b>7.5</b>	<b>7.6</b>	<b>7.7</b>	
+ Change in other long-term liabilities	-0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-7.6	-4.0	-2.7	-2.7	-2.7	-2.7	-2.7	-2.7	-2.7	-2.7	-2.8	
<b>Free operating cash flow</b>	<b>-2.5</b>	<b>2.5</b>	<b>4.2</b>	<b>4.4</b>	<b>4.4</b>	<b>5.5</b>	<b>5.4</b>	<b>4.7</b>	<b>4.8</b>	<b>4.9</b>	<b>5.0</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	-2.5	2.5	4.2	4.4	4.4	5.5	5.4	4.7	4.8	4.9	5.0	78.3
<b>Discounted FCFF</b>		<b>2.4</b>	<b>3.8</b>	<b>3.6</b>	<b>3.4</b>	<b>3.9</b>	<b>3.5</b>	<b>2.8</b>	<b>2.6</b>	<b>2.5</b>	<b>2.3</b>	<b>36.7</b>
Sum of FCFF present value		67.5	65.1	61.3	57.7	54.3	50.4	47.0	44.2	41.5	39.0	36.7
<b>Enterprise value DCF</b>		<b>67.5</b>										
- Interest bearing debt		-26										
+ Cash and cash equivalents		18.5										
-Minorities		-0.6										
-Dividend/capital return		-0.7										
<b>Equity value DCF</b>		<b>58</b>										
<b>Equity value DCF per share</b>		<b>5.9</b>										

Cash flow distribution



## WACC

Tax-% (WACC)	23.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.5 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	1.50%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>9.7 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.5 %</b>

Source: Inderes

# Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	32.6	44.7	62.8	<b>63.6</b>	<b>64.0</b>	EPS (reported)	7.98	0.20	0.35	<b>0.25</b>	<b>0.26</b>
EBITDA	5.0	5.5	8.2	<b>7.7</b>	<b>7.7</b>	EPS (adj.)	7.98	0.20	0.35	<b>0.25</b>	<b>0.26</b>
EBIT	3.5	3.4	5.1	<b>4.5</b>	<b>4.4</b>	OCF / share	20.51	0.76	0.61	<b>0.65</b>	<b>0.70</b>
PTP	3.4	2.1	4.6	<b>3.4</b>	<b>3.4</b>	FCF / share	-14.31	-1.85	-0.25	<b>0.25</b>	<b>0.42</b>
Net Income	1.7	1.4	3.4	<b>2.5</b>	<b>2.6</b>	Book value / share	48.05	4.32	3.81	<b>3.94</b>	<b>4.11</b>
Extraordinary items	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	Dividend / share		0.04	0.07	<b>0.09</b>	<b>0.10</b>
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	40.0	70.3	81.7	<b>86.0</b>	<b>85.2</b>	Revenue growth-%	27%	37%	41%	<b>1%</b>	<b>1%</b>
Equity capital	12.7	31.9	38.1	<b>39.6</b>	<b>41.3</b>	EBITDA growth-%	103%	11%	48%	<b>-6%</b>	<b>0%</b>
Goodwill	16.6	16.6	18.6	<b>19.9</b>	<b>19.9</b>	EBIT (adj.) growth-%	139%	-5%	51%	<b>-11%</b>	<b>-3%</b>
Net debt	10.6	7.5	7.7	<b>7.2</b>	<b>4.8</b>	EPS (adj.) growth-%		-98%	74%	<b>-26%</b>	<b>3%</b>
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	15.2 %	12.3 %	13.0 %	<b>12.1 %</b>	<b>12.1 %</b>
EBITDA	5.0	5.5	8.2	<b>7.7</b>	<b>7.7</b>	EBIT (adj.)-%	10.8 %	7.5 %	8.1 %	<b>7.2 %</b>	<b>6.9 %</b>
Change in working capital	-0.5	0.7	-1.0	<b>-0.2</b>	<b>0.1</b>	EBIT-%	10.8 %	7.5 %	8.1 %	<b>7.2 %</b>	<b>6.9 %</b>
Operating cash flow	4.5	5.5	6.0	<b>6.5</b>	<b>6.9</b>	ROE-%	23.7 %	6.9 %	9.9 %	<b>6.6 %</b>	<b>6.5 %</b>
CAPEX	-8.7	-21.8	-7.6	<b>-4.0</b>	<b>-2.7</b>	ROI-%	14.0 %	8.3 %	8.8 %	<b>6.9 %</b>	<b>6.5 %</b>
Free cash flow	-3.1	-13.4	-2.5	<b>2.5</b>	<b>4.2</b>	Equity ratio	31.8 %	45.4 %	46.6 %	<b>46.1 %</b>	<b>48.5 %</b>
Valuation multiples	2020	2021	2022	2023e	2024e	Gearing	83.4 %	23.6 %	20.3 %	<b>18.2 %</b>	<b>11.6 %</b>
EV/S			0.8	<b>0.8</b>	<b>0.8</b>						
EV/EBITDA (adj.)			6.1	<b>6.6</b>	<b>6.2</b>						
EV/EBIT (adj.)			9.8	<b>11.1</b>	<b>11.0</b>						
P/E (adj.)			12.2	<b>17.0</b>	<b>16.6</b>						
P/B			1.1	<b>1.1</b>	<b>1.1</b>						
Dividend-%			1.7 %	<b>2.1 %</b>	<b>2.3 %</b>						

Source: Inderes

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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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Date	Recommendation	Target	Share price
6/21/2021	Reduce	8.20 €	8.35 €
9/16/2021	Accumulate	8.20 €	7.40 €
11/3/2021	Accumulate	8.60 €	7.34 €
12/1/2021	Accumulate	9.00 €	7.90 €
3/9/2022	Accumulate	8.00 €	7.20 €
3/16/2022	Reduce	7.00 €	6.97 €
9/16/2022	Reduce	5.50 €	5.34 €
1/25/2023	Buy	5.50 €	4.39 €
3/1/2023	Accumulate	6.00 €	5.36 €
9/1/2023	Accumulate	5.00 €	4.32 €



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