Enento Group

Company report

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Inderes corporate customer

This report is a summary translation of the report "Näkymät eivät kirkastuneet merkittävästi" published on 4/24/2024 at 7:20 am EEST.

Outlook not significantly brightened

Enento's Q1 operational key figures were in line with our forecasts. Guidance has still not been provided and, in particular, the visibility on the development of the Swedish consumer credit information market is still weak. Our expectations of a market recovery have been slightly delayed, and we made minor cuts to our earnings forecasts for the coming years. Despite the recent weak trend, the market may already be bottoming out. Looking ahead to next year, the valuation is already at an attractive level (adj. P/E 13x and EV/EBIT 11.5x) and argues for a positive view. We revise our target price to EUR 19.0 (was EUR 20.0) and reiterate our Accumulate recommendation.

Early year in line with our expectations

Enento's reported Q1 revenue decreased by 7% to 37.3 MEUR, in line with our expectations. As expected, the decline continued to be driven by Consumer Insight (-14% like-for-like) and geographically by the Swedish businesses. Business Insight grew 2% on a comparable basis, with the company's new real estate and compliance services performing well. Due to margin pressure from weaker volumes, adjusted EBIT fell in line with our forecasts to 9.4 MEUR (Q1'23: 12.0 MEUR). The pressure on profitability from lower volumes was mitigated by the company's adjustment measures and a reduction in fixed costs. Despite a sluggish start to the year, the Q1 report landing in line with our estimates was partially reassuring, as without guidance, visibility is weaker.

Guidance still not issued - outlook remains bleak

Enento continued to refrain from issuing guidance, mainly due to the low visibility of the Swedish consumer credit information sector. The positive credit register in Finland, which was launched in April, is also part of the uncertainty about the outlook, although the company itself does not expect any significant changes to its business outlook at this stage. In any case, visibility will remain relatively low, although in the absence of further macroeconomic shocks, we do not expect the environment to deteriorate further from current levels. The company remains slightly optimistic about the outlook for H2, but we do not expect a significant recovery for the rest of the year. However, we expect the company's revenues and earnings to return to growth starting in Q3'24, with weak comparison periods playing a major role.

Moderate valuation encourages to stay on board despite uncertainties

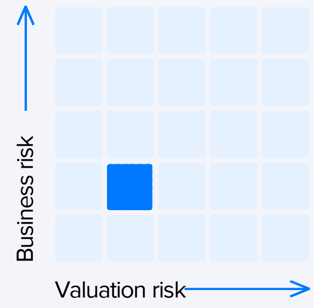
Enento's adjusted EV/EBIT multiples for 2024-2025 are 12x-11.5x and the corresponding P/E multiples are 17x-13x. We do not see significant upside to current year's multiples, but looking ahead to next year, we believe the valuation is already at an attractive level due to improving operating results and declining financing costs. However, the realization of these will require a recovery in the business environment, the timing of which remains uncertain. In our view, if interest rates were to start to decline in due course, the company would benefit from both an improved demand environment and lower interest costs due to its leveraged capital structure. We see good earnings growth potential for the company in the coming years from the current low level (adj. EBIT 2024e-2027e CAGR ~7%), with a dividend yield of around 6% providing significant support to expected returns. Despite short-term challenges, we find the risk/reward ratio of the share good, which supports sticking with the share.

Recommendation

Accumulate
(previous Accumulate)

EUR 19.00
(previous EUR 20.00)

Share price:
16.82



Key figures

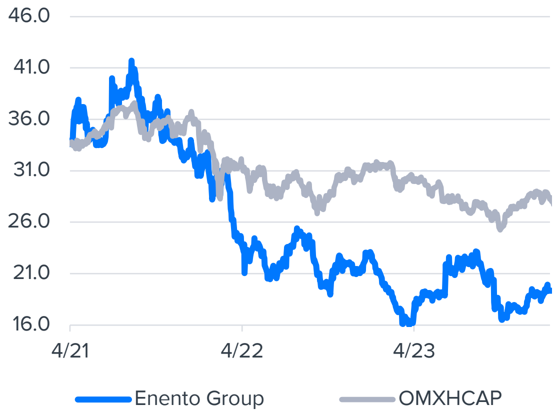
	2023	2024e	2025e	2026e
Revenue	155.9	154.7	162.9	170.0
growth-%	-7%	-1%	5%	4%
EBIT adj.	46.0	44.3	47.2	51.0
EBIT-% adj.	29.5 %	28.7 %	29.0 %	30.0 %
Net Income	17.6	17.0	23.5	28.3
EPS (adj.)	1.05	1.00	1.30	1.49
P/E (adj.)	18.5	16.9	12.9	11.3
P/B	1.6	1.4	1.4	1.4
Dividend yield-%	5.1 %	5.9 %	6.2 %	6.5 %
EV/EBIT (adj.)	13.4	12.4	11.5	10.4
EV/EBITDA	12.1	10.7	9.2	8.4
EV/S	3.9	3.5	3.3	3.1

Source: Inderes

Guidance

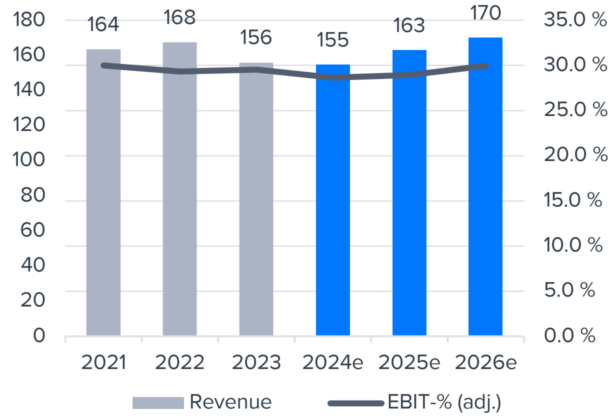
(No guidance)

Share price



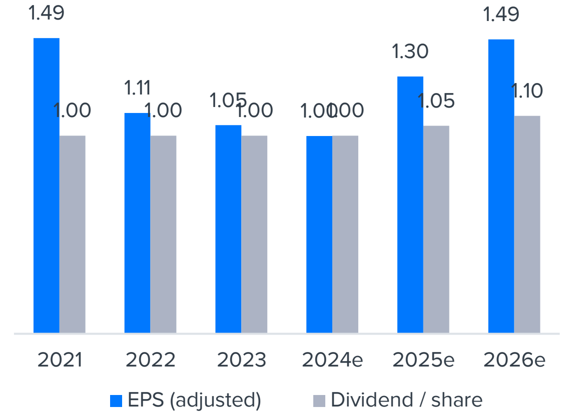
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Steady growth and strong profitability
- Stable cash flow enables investments for growth
- Well-known and respected brands in the Nordic countries
- Mainly defensive income streams
- Potential longer-term efficiency gains from building the new technology platform
- M&A option (potential buyer and target)

Risk factors

- In the short term, the growth outlook is weak in a challenging market environment
- Dependence on the Nordic banking sector
- Failure to build a unified technology platform
- Regulatory changes can lead to changes in the operating environment

Valuation	2024e	2025e	2026e
Share price	16.8	16.8	16.8
Number of shares, millions	23.6	23.6	23.6
Market cap	397	397	397
EV	548	541	531
P/E (adj.)	16.9	12.9	11.3
P/E	23.3	16.9	14.0
P/B	1.4	1.4	1.4
P/S	2.6	2.4	2.3
EV/Sales	3.5	3.3	3.1
EV/EBITDA	10.7	9.2	8.4
EV/EBIT (adj.)	12.4	11.5	10.4
Payout ratio (%)	138.7 %	105.4 %	91.7 %
Dividend yield-%	5.9 %	6.2 %	6.5 %

Source: Inderes

Q1 key figures were in line with our expectations

Revenue went down as expected

Enento's reported revenue decreased by 7%, in line with our expectations. At comparable exchange rates and adjusted for the divestment of the Tambur platform, revenue decreased by 5%.

As expected, the decline was mainly in Consumer Insight (-14%, 15.1 MEUR), where weak demand for consumer credit information services in Sweden continued to weigh on revenue from a relatively good comparison period. This is due not only to the weak demand environment, but also to changes in market dynamics as some lenders and intermediaries have exited the market. This also contributes to the uncertainty in forecasting the future development of the market. As expected, Business Insight (-1%, MEUR 22.2) showed a much smoother development and even achieved slight growth (+2%) on a comparable basis. Growth was driven by new real estate and compliance services, among others.

In addition to the weakness in Sweden, the economic situation increasingly impacted the Finnish business as transaction volumes declined. Part of this weakness was due to the March strikes, which the company said had a temporary and significant impact on transaction volumes.

Earnings figures also in line with our forecasts

Enento achieved an adjusted EBITDA of 12.4 MEUR in Q1, in line with our forecasts (Q1'23: 14.7 MEUR). Adjusted EBIT amounted to 9.4 MEUR (Q1'23: 12.0 MEUR), which corresponds to an EBIT margin of 25.1% (Q1'23: 29.9%). The deterioration in profitability was mainly due to lower volumes, which are reflected in profitability and profit through high gross margins. A small decline was also seen in the gross margin (Q1'24: 81.9% vs. Q1'23: 83.4%), mainly due to the decline in volumes of consumer credit information services in Sweden, where we believe that variable costs are very low. In contrast, the company's adjustment measures provided a small boost to profitability.

Overall, the adjusted result was well in line with our expectations, but the reported EBIT (5.2 MEUR) was slightly below our forecast, as the one-off items related to the company's IT projects (2.0 MEUR) were higher than expected. Reported EPS were EUR 0.13, slightly above our guidance of EUR 0.10, mainly due to lower-than-expected financing expenses. However, this was due to exchange rate movements and there has been no change in the interest paid by the company.

New small sjare buyback program

In connection with the results, Enento again announced a small 2 MEUR share buyback program. The maximum number of shares to be repurchased under the program is approximately 0.4% of the total number of shares in the company, making it a very small program. The purpose of the program is to optimize Enento's capital structure, and the shares are to be cancelled. Although small, this is the second 2 MEUR purchase program launched this year. The previous one was launched by the company at the time of the financial statements and was recently completed.

Estimates	Q1'23	Q1'24	Q1'24e	Q1'24e	Consensus			Difference (%)	2024e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low		High	Act. vs. inderes	Inderes
Revenue	40.0	37.3	37.2	37.5	-	-	-	0%	155
EBITDA (adj.)	14.7	12.4	12.4	12.6	-	-	-	0%	57.5
EBIT (adj.)	12.0	9.4	9.4	9.4	-	-	-	-1%	44.3
EBIT	6.9	5.2	6.3	7.1	-	-	-	-17%	30.6
EPS (reported)	0.18	0.13	0.10	0.15	-	-	-	31%	0.72
Revenue growth-%	-1.7 %	-6.8 %	-6.9 %	-6.2 %		-		0.1 pp	-0.8 %
EBIT-% (adj.)	29.9 %	25.1 %	25.4 %	25.1 %		-		-0.2 pp	28.7 %

Source: Inderes & Enento (6 forecasts 4/10/2024) (consensus)

Enento Q1'24: Guidance must wait

Outlook not significantly brightened

Still waiting on guidance

Enento continued to refrain from issuing guidance for the current year, particularly in relation to the weakness of the Swedish consumer credit information sector. In addition to the weak demand environment, the Swedish market for consumer credit information services has also undergone some structural changes with the exit of certain lenders and intermediaries from the market, which contributes to a cautious outlook. In part, we also believe that the company wants to avoid a situation where it misses guidance after last year's negative earnings warning and therefore is being conservative with guidance.

As a result, the overall outlook for the market remains bleak. The company said it expects the first half of the year to be challenging but sees signs of recovery for the rest of the year. However, we felt that the tone on this was somewhat more cautious than before. In order to see a greater change in consumer and business behavior, we need to see a significant reduction in interest rates. Even if interest rate cuts begin in the summer, we expect the impact on consumer behavior to be gradual and do not expect a strong recovery later in the year. Despite the weak economic environment, it is good to see that the company also has many growing product areas, such as its new real estate and compliance services.

Too early to say what the impact of the positive credit register will be

The positive credit register launched in Finland at the beginning of April is also causing some uncertainty about the company's prospects. The service slightly changes the dynamics of the services offered by Enento. At this stage, it was obviously difficult for the company to comment with any degree of certainty on how the registry would affect demand for its services. In the big picture, the company expects the impact of the registry to be small in terms of its services and anticipates a stable development in this regard. The company also highlighted that it has won new customers for a solution it developed for the registry.

We do not expect a recovery until next year

Despite the Q1 results being in line with our expectations, we have slightly lowered our earnings forecasts for the current and future years.

We expect the company's revenues and earnings to return to growth starting in Q3'24, but this is largely due to weak comparison figures at the end of last year. For the full year, we expect revenue to decrease by around 1% to 155 MEUR. We expect adjusted EBIT to decline slightly to 44.3 MEUR (2023: 46.0 MEUR), corresponding to an adjusted EBIT margin of 28.7%.

Next year, we expect revenue growth to return to around 5%, driven by the expected recovery in consumer information services and steady growth in Business Insight. We expect adjusted EBIT to improve to 47.2 MEUR (29.0% of revenue). In terms of relative profitability, the expected improvement is therefore quite small, but this is based on our expectation that the company will have fewer one-time charges in the current year. Thus, the improvement we expect is clearly stronger in the reported figures. The profitability development is supported by volume growth (high gross margins) and the company's adjustment measures (e.g. move to smaller premises, smaller staff through turnover and savings from the renewed IT platform).

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	156	155	-1%	164	163	-1%	171	170	-1%
EBITDA	53.8	51.1	-5%	59.8	59.0	-1%	63.4	63.0	-1%
EBIT (exc. NRIs)	45.0	44.3	-2%	49.6	47.2	-5%	53.0	51.0	-4%
EBIT	32.4	30.6	-6%	39.5	37.7	-4%	42.9	42.0	-2%
PTP	21.5	22.1	3%	31.2	30.0	-4%	36.8	36.1	-2%
EPS (excl. NRIs)	1.00	1.00	0%	1.36	1.30	-4%	1.55	1.49	-4%
DPS	1.00	1.00	0%	1.05	1.05	0%	1.10	1.10	0%

Source: Inderes

Valuation

Despite the challenges, valuation supports a positive view

Given the stable and mature nature of Enento's business, we opt for earnings-based adjusted EV/EBIT and P/E multiples for valuation. The usefulness of the EV/EBIT multiple is supported by the fact that it takes into account Enento's significant net debt. The P/E ratio is also worth looking at, as it considers the bottom lines of the income statement, especially now that financial costs have risen significantly.

We forecast Enento's adjusted P/E ratios for 2024-2025 to be 17x-13x and the corresponding adjusted EV/EBIT multiples to be 12x-11.5x. We believe the multiples for the current year are relatively neutral. However, if operating performance improves and financing costs decline moderately, the valuation will fall to attractive levels as early as 2025. It should be noted that adjusted EBIT excludes the company's one-off items (adjusted P/E does not), so it also gives an overly rosy picture of the ability to generate cash flow, especially in the current year. The valuation is not particularly attractive from a cash flow perspective this year due to one-offs and high interest costs. However, both of these factors should ease next year, which should also lead to stronger cash flows next year.

Enento's median adjusted P/E ratio over the past five years is 22x and EV/EBIT is 19x, compared to which the current valuation is at a clear discount. However, we do not see the stock reaching historical valuation levels, especially in the current interest rate environment and market situation. In addition to the change in the interest rate environment, we estimate that earnings growth expectations have moderated over the past few years due to a slower-than-expected organic growth outlook. The image of a defensive business model has also been put to a bit of a test in the recent turbulence. However, we find the current valuation multiples attractive and we see a slight upside in next year's multiples.

DCF model indicates upside potential

We also rely on the DCF model, which in the big picture is still very useful due to Enento's highly predictable cash flows. Our DCF model give the stock a value of EUR 21.8, which indicates upside potential for the stock. The cost of equity in our model is set at 9.0% and WACC at 8.1, which we believe is a reasonable level in the current interest rate environment.

The expected return exceeds the required return

In our view, the expected return on Enento's stock is based on organic earnings growth, a strong dividend yield and a slight increase in multiples. With our estimates the company's adjusted EBIT in the next few years (2024e-2027e) grows by some 7% p.a. In our forecasts, the dividend yield for the coming years is around 6%, which will provide clear support for the share's expected return. Thanks to a stable and profitable business, the dividend is also on a very solid footing.

We estimate that Enento's stock offers an expected return of more than 10% over the next few years, which exceeds our required return for the stock. We also see the stock as an option for potential M&A, although we do not recommend investors to rely too heavily on this. All in all, we find the risk/reward ratio of the stock attractive.

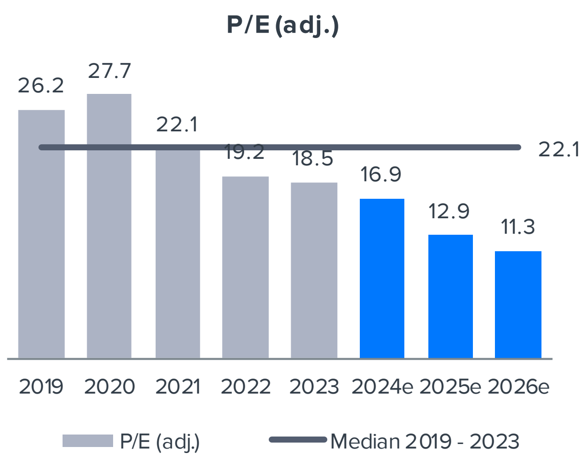
Valuation	2024e	2025e	2026e
Share price	16.8	16.8	16.8
Number of shares, millions	23.6	23.6	23.6
Market cap	397	397	397
EV	548	541	531
P/E (adj.)	16.9	12.9	11.3
P/E	23.3	16.9	14.0
P/B	1.4	1.4	1.4
P/S	2.6	2.4	2.3
EV/Sales	3.5	3.3	3.1
EV/EBITDA	10.7	9.2	8.4
EV/EBIT (adj.)	12.4	11.5	10.4
Payout ratio (%)	138.7 %	105.4 %	91.7 %
Dividend yield-%	5.9 %	6.2 %	6.5 %

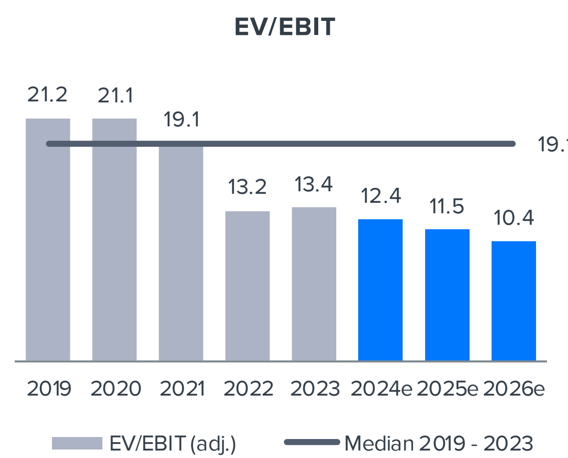
Source: Inderes

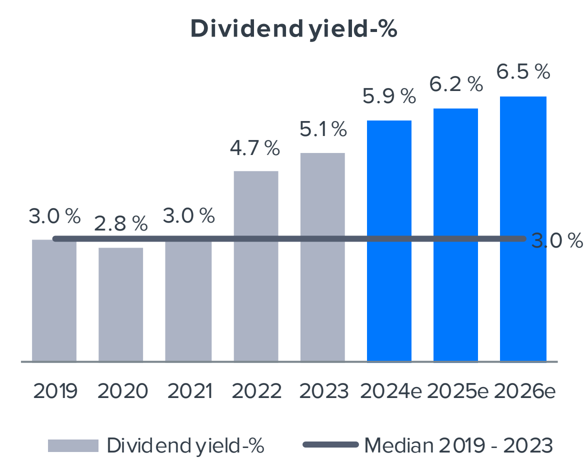
Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	31.5	33.6	33.0	21.4	19.5	**16.8**	**16.8**	**16.8**	**16.8**
Number of shares, millions	24.0	24.0	24.0	24.0	23.8	**23.6**	**23.6**	**23.6**	**23.6**
Market cap	756	807	793	514	464	**397**	**397**	**397**	**397**
EV	904	950	935	646	615	**548**	**541**	**531**	**521**
P/E (adj.)	26.2	27.7	22.1	19.2	18.5	**16.9**	**12.9**	**11.3**	**10.5**
P/E	38.3	41.5	30.7	29.6	26.4	**23.3**	**16.9**	**14.0**	**12.6**
P/B	2.4	2.6	2.5	1.7	1.6	**1.4**	**1.4**	**1.4**	**1.4**
P/S	5.2	5.3	4.9	3.1	3.0	**2.6**	**2.4**	**2.3**	**2.2**
EV/Sales	6.2	6.3	5.7	3.9	3.9	**3.5**	**3.3**	**3.1**	**2.9**
EV/EBITDA	18.7	19.3	16.1	11.6	12.1	**10.7**	**9.2**	**8.4**	**7.8**
EV/EBIT (adj.)	21.2	21.1	19.1	13.2	13.4	**12.4**	**11.5**	**10.4**	**9.6**
Payout ratio (%)	115.6 %	117.3 %	92.9 %	138.5 %	135.5 %	**138.7 %**	**105.4 %**	**91.7 %**	**86.5 %**
Dividend yield-%	3.0 %	2.8 %	3.0 %	4.7 %	5.1 %	**5.9 %**	**6.2 %**	**6.5 %**	**6.8 %**

Source: Inderes







Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	**MEUR**	**MEUR**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**
Dun & Bradstreet	3790	6955	9.5	9.2	8.3	7.9	3.2	3.1	9.3	9.0	2.2	3.7	1.2
Fair Isaac Corp	26863	28555	42.6	35.6	39.9	33.5	20.1	17.9	57.4	48.4			
Equifax Inc	25422	30656	30.7	24.1	19.3	16.9	6.2	5.7	32.9	29.2	0.7	0.7	5.9
Experian Plc	34482	38371	24.0	21.6	17.7	16.6	6.2	5.8	29.8	27.6	1.5	1.5	8.4
TransUnion	12332	16987	97.6	26.5	13.6	12.6	4.8	4.5	20.7	18.3	0.6	0.7	3.1
Moody's Corp	65042	69615	31.1	27.6	28.1	24.7	12.5	11.3	37.7	35.4	0.8	0.9	19.7
Intrum AB	226	5274	11.4	12.9	6.3	8.5	3.1	3.2	1.6	1.9			0.2
Credit Corp Group Ltd	689	896	10.6	12.1	9.7	10.8	3.2	3.0	12.4	15.7	4.0	3.2	1.4
Kruk S.A.	1949	3141	10.4	9.5	10.0	9.2	5.3	4.7	9.0	8.0	4.0	3.8	2.2
Alma Media	788	925	12.6	13.1	10.2	10.8	3.0	3.1	14.6	15.4	4.7	4.8	3.4
F-Secure	355	537	12.7	10.3	14.2	9.6	4.1	3.4	10.8	11.8	3.4	3.6	7.9
Enento Group (Inderes)	**397**	**548**	**12.4**	**11.5**	**10.7**	**9.2**	**3.5**	**3.3**	**16.9**	**12.9**	**5.9**	**6.2**	**1.4**
Average			**26.6**	**18.4**	**16.1**	**14.6**	**6.5**	**6.0**	**21.5**	**20.1**	**2.4**	**2.5**	**5.3**
Median			**12.7**	**13.1**	**13.6**	**10.8**	**4.8**	**4.5**	**14.6**	**15.7**	**2.2**	**3.2**	**3.2**
Diff-% to median			***-3%***	***-12%***	***-21%***	***-15%***	***-25%***	***-26%***	***15%***	***-17%***	***173%***	***97%***	***-56%***

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	**168**	**40.0**	**39.7**	**37.3**	**38.9**	**156**	**37.3**	**39.1**	**38.0**	**40.3**	**155**	**163**	**170**	**177**
Business Insight	92.1	22.4	22.8	20.9	22.6	88.6	22.2	23.3	21.5	23.5	90.5	95.0	99.3	104
Consumer Insight	75.4	17.6	16.8	16.5	16.3	67.3	15.1	15.8	16.5	16.8	64.2	67.9	70.8	73.6
Adjusted EBITDA	**61.2**	**14.7**	**14.5**	**14.5**	**13.4**	**57.1**	**12.4**	**14.2**	**15.1**	**14.8**	**56.5**	**60.5**	**64.2**	**67.7**
EBITDA	**55.6**	**12.1**	**13.7**	**14.0**	**11.1**	**51.1**	**10.3**	**12.6**	**14.3**	**13.8**	**51.1**	**59.0**	**63.0**	**66.7**
Depreciation	-29.8	-5.2	-5.1	-5.1	-5.3	-20.6	-5.1	-5.2	-5.1	-5.1	-20.4	-21.3	-21.0	-20.8
EBIT (excl. NRI)	**49.1**	**12.0**	**11.8**	**11.8**	**10.5**	**46.0**	**9.4**	**11.2**	**12.0**	**11.8**	**44.3**	**47.2**	**51.0**	**54.4**
EBIT	**25.8**	**6.9**	**8.7**	**8.9**	**5.9**	**30.4**	**5.2**	**7.4**	**9.2**	**8.8**	**30.6**	**37.7**	**42.0**	**45.9**
Share of profits in assoc. compan.	-0.9	-0.3	-0.2	-0.1	-0.2	-0.8	-0.2	-0.3	-0.3	-0.3	-0.9	-0.9	-0.9	-1.0
Net financial items	-2.7	-1.3	-1.4	-1.9	-2.8	-7.4	-1.2	-2.2	-2.2	-2.0	-7.6	-6.8	-5.0	-5.0
PTP	**22.1**	**5.3**	**7.1**	**6.9**	**2.9**	**22.2**	**3.9**	**5.0**	**6.8**	**6.5**	**22.1**	**30.0**	**36.1**	**40.0**
Taxes	-4.8	-1.1	-1.5	-1.5	-0.7	-4.7	-0.8	-1.2	-1.6	-1.5	-5.1	-6.5	-7.8	-8.6
Net earnings	**17.4**	**4.3**	**5.6**	**5.4**	**2.2**	**17.6**	**3.1**	**3.8**	**5.2**	**5.0**	**17.0**	**23.5**	**28.3**	**31.4**
EPS (adj.)	**1.11**	**0.26**	**0.31**	**0.31**	**0.17**	**1.05**	**0.20**	**0.23**	**0.29**	**0.28**	**1.00**	**1.30**	**1.49**	**1.60**
EPS (rep.)	**0.72**	**0.18**	**0.24**	**0.23**	**0.09**	**0.74**	**0.13**	**0.16**	**0.22**	**0.21**	**0.72**	**1.00**	**1.20**	**1.33**

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	2.5 %	-1.7 %	-8.7 %	-7.8 %	-9.3 %	-6.9 %	-6.8 %	-1.4 %	1.7 %	3.6 %	-0.8 %	5.3 %	4.4 %	4.3 %
Adjusted EBIT growth-%	0.2 %	26.6 %	-7.8 %	-13.4 %	-20.9 %	-6.3 %	-21.7 %	-5.5 %	2.4 %	12.1 %	-3.7 %	6.4 %	8.1 %	6.7 %
EBITDA-%	33.2 %	30.4 %	34.7 %	37.6 %	28.6 %	32.7 %	27.7 %	32.3 %	37.7 %	34.2 %	33.0 %	36.2 %	37.0 %	37.6 %
Adjusted EBITDA-%	36.6 %	36.8 %	36.5 %	38.9 %	34.4 %	36.6 %	33.3 %	36.3 %	39.8 %	36.7 %	36.6 %	37.2 %	37.7 %	38.2 %
Adjusted EBIT-%	29.3 %	29.9 %	29.8 %	31.5 %	27.0 %	29.5 %	25.1 %	28.5 %	31.7 %	29.2 %	28.7 %	29.0 %	30.0 %	30.7 %
Net earnings-%	10.4 %	10.7 %	14.2 %	14.5 %	5.7 %	11.3 %	8.2 %	9.6 %	13.6 %	12.4 %	11.0 %	14.4 %	16.6 %	17.7 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	**449**	**443**	**434**	**427**	**421**
Goodwill	341	341	341	341	341
Intangible assets	98.0	88.7	80.2	73.9	68.6
Tangible assets	6.1	10.5	10.0	8.9	8.1
Associated companies	3.9	3.2	3.2	3.2	3.2
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.1	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	**50.3**	**47.0**	**46.4**	**49.7**	**51.2**
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	29.5	29.7	27.8	28.5	29.1
Cash and equivalents	20.8	17.4	18.6	21.2	22.1
Balance sheet total	**499**	**490**	**481**	**476**	**472**

Source: Inderes

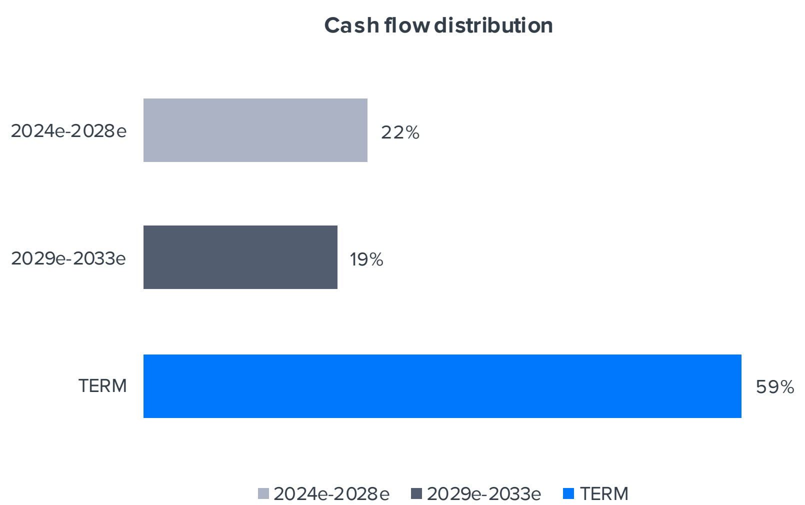
Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	**295**	**283**	**276**	**276**	**280**
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	38.3	55.8	49.1	49.0	52.5
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	256	227	227	227	227
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**169**	**170**	**167**	**164**	**157**
Deferred tax liabilities	18.0	15.6	15.6	15.6	15.6
Provisions	0.1	0.4	0.0	0.0	0.0
Interest bearing debt	151	154	152	148	141
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	**34.9**	**37.0**	**37.2**	**36.4**	**35.4**
Interest bearing debt	1.4	2.6	4.7	3.0	1.4
Payables	33.5	34.4	32.5	33.4	34.0
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**499**	**490**	**481**	**476**	**472**

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-6.9 %	-0.8 %	5.3 %	4.4 %	4.3 %	4.1 %	4.1 %	3.7 %	3.7 %	3.5 %	2.2 %	2.2 %
EBIT-%	19.5 %	19.8 %	23.2 %	24.7 %	25.9 %	26.8 %	27.8 %	28.3 %	28.8 %	28.5 %	28.5 %	28.5 %
EBIT (operating profit)	**30.4**	**30.6**	**37.7**	**42.0**	**45.9**	**49.5**	**53.4**	**56.4**	**59.5**	**61.0**	**62.3**	
+ Depreciation	20.6	20.4	21.3	21.0	20.8	20.1	19.8	19.4	18.2	17.5	17.3	
- Paid taxes	-7.1	-5.1	-6.5	-7.8	-8.6	-9.5	-10.4	-11.0	-11.7	-12.0	-12.5	
- Tax, financial expenses	-1.5	-1.7	-1.4	-1.1	-1.1	-0.8	-0.8	-0.8	-0.8	-0.8	-0.6	
+ 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	-0.1	0.2	0.0	0.2	0.4	0.2	0.2	0.2	0.2	0.1	
Operating cash flow	**43.2**	**44.2**	**51.4**	**54.2**	**57.3**	**59.5**	**62.2**	**64.2**	**65.5**	**65.9**	**66.7**	
+ Change in other long-term liabilities	0.3	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-15.9	-11.4	-13.9	-14.9	-16.0	-16.5	-16.8	-17.0	-17.0	-17.0	-17.0	
Free operating cash flow	**27.5**	**32.4**	**37.5**	**39.3**	**41.3**	**43.0**	**45.4**	**47.2**	**48.5**	**48.9**	**49.7**	
+/- Other	-5.0	-3.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	22.5	28.6	37.5	39.3	41.3	43.0	45.4	47.2	48.5	48.9	49.7	864
Discounted FCFF		**27.1**	**32.9**	**31.9**	**31.0**	**29.9**	**29.2**	**28.0**	**26.7**	**24.9**	**23.4**	**407**
Sum of FCFF present value		692	665	632	600	569	539	510	482	455	430	407
Enterprise value DCF		**692**										
- Interest bearing debt		-157.0										
+ Cash and cash equivalents		17.4										
-Minorities		0.0										
-Dividend/capital return		-23.8										
Equity value DCF		**515**										
Equity value DCF per share		**21.8**										

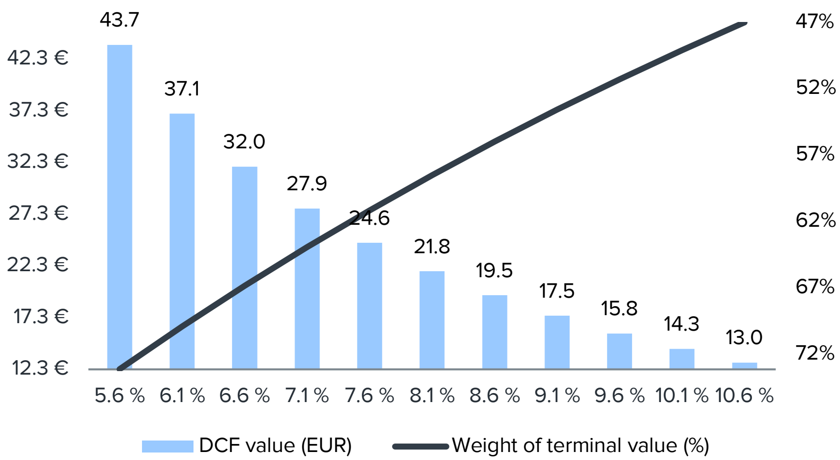
WACC	
Tax-% (WACC)	21.0 %
Target debt ratio (D/(D+E)	18.0 %
Cost of debt	5.0 %
Equity Beta	1.05
Market risk premium	4.75%
Liquidity premium	1.50%
Risk free interest rate	2.5 %
Cost of equity	**9.0 %**
Weighted average cost of capital (WACC)	**8.1 %**

Source: Inderes

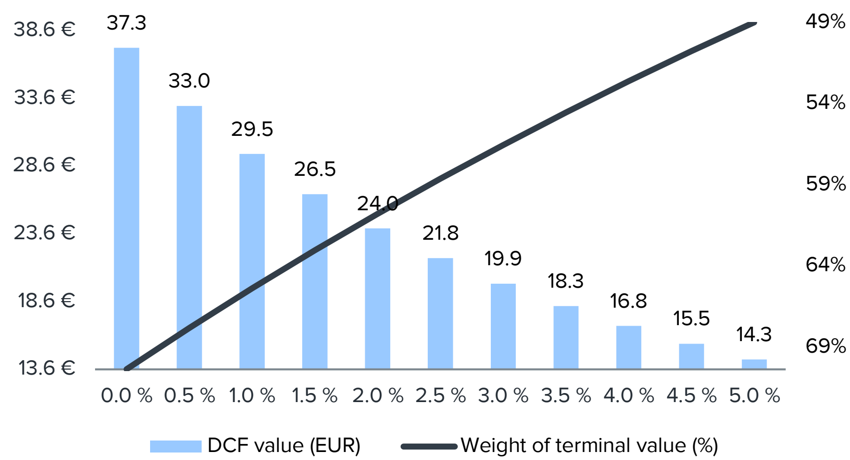


DCF sensitivity calculations and key assumptions in graphs

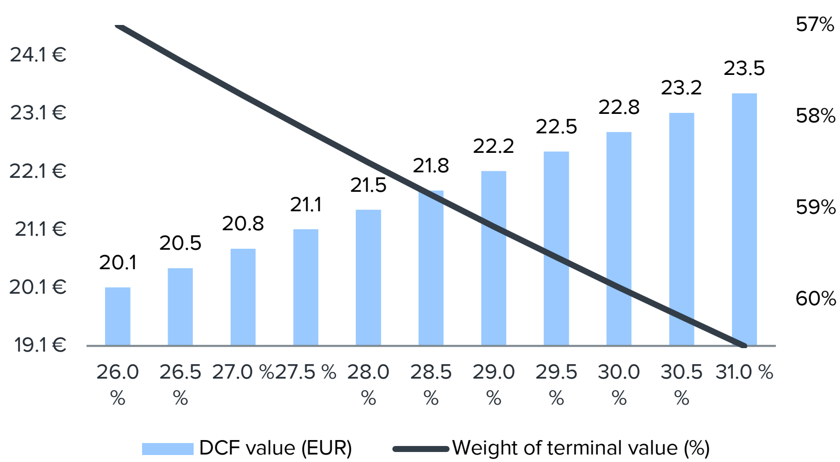
Sensitivity of DCF to changes in the WACC-%



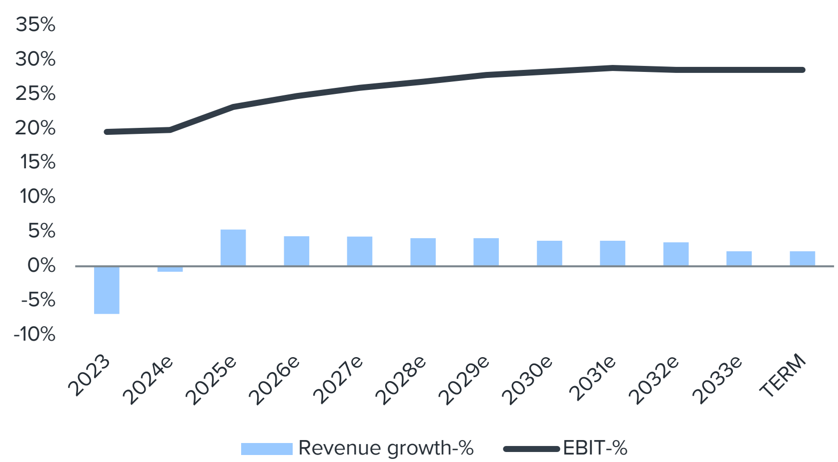
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2022	2023	2024e	2025e	2026e
Revenue	167.5	155.9	**154.7**	**162.9**	**170.0**
EBITDA	55.6	51.1	**51.1**	**59.0**	**63.0**
EBIT	25.8	30.4	**30.6**	**37.7**	**42.0**
PTP	22.1	22.2	**22.1**	**30.0**	**36.1**
Net Income	17.4	17.6	**17.0**	**23.5**	**28.3**
Extraordinary items	-23.4	-5.0	**-3.1**	**-2.8**	**-4.6**

Balance sheet	2022	2023	2024e	2025e	2026e
Balance sheet total	499.1	490.3	**480.6**	**476.5**	**471.9**
Equity capital	294.9	282.9	**276.1**	**276.1**	**279.6**
Goodwill	340.7	340.9	**340.9**	**340.9**	**340.9**
Net debt	131.8	139.7	**137.8**	**130.3**	**120.6**

Cash flow	2022	2023	2024e	2025e	2026e
EBITDA	55.6	51.1	**51.1**	**59.0**	**63.0**
Change in working capital	-3.2	0.7	**-0.1**	**0.2**	**0.0**
Operating cash flow	42.4	43.2	**44.2**	**51.4**	**54.2**
CAPEX	13.6	-15.9	**-11.4**	**-13.9**	**-14.9**
Free cash flow	52.3	22.5	**33.6**	**37.5**	**39.3**

Valuation multiples	2022	2023	2024e	2025e	2026e
EV/S	3.9	3.9	**3.5**	**3.3**	**3.1**
EV/EBITDA (adj.)	11.6	12.1	**10.7**	**9.2**	**8.4**
EV/EBIT (adj.)	13.2	13.4	**12.4**	**11.5**	**10.4**
P/E (adj.)	19.2	18.5	**16.9**	**12.9**	**11.3**
P/B	1.7	1.6	**1.4**	**1.4**	**1.4**
Dividend-%	4.7 %	5.1 %	**5.9 %**	**6.2 %**	**6.5 %**

Source: Inderes

Per share data	2022	2023	2024e	2025e	2026e
EPS (reported)	0.72	0.74	**0.72**	**1.00**	**1.20**
EPS (adj.)	1.11	1.05	**1.00**	**1.30**	**1.49**
OCF / share	1.76	1.82	**1.87**	**2.18**	**2.30**
FCF / share	2.18	0.95	**1.21**	**1.59**	**1.66**
Book value / share	12.27	11.89	**11.70**	**11.70**	**11.85**
Dividend / share	1.00	1.00	**1.00**	**1.05**	**1.10**

Growth and profitability	2022	2023	2024e	2025e	2026e
Revenue growth-%	2%	-7%	**-1%**	**5%**	**4%**
EBITDA growth-%	-4%	-8%	**0%**	**16%**	**7%**
EBIT (adj.) growth-%	0%	-6%	**-4%**	**6%**	**8%**
EPS (adj.) growth-%	-25%	-6%	**-5%**	**30%**	**14%**
EBITDA-%	33.2 %	32.7 %	**33.0 %**	**36.2 %**	**37.0 %**
EBIT (adj.)-%	29.3 %	29.5 %	**28.7 %**	**29.0 %**	**30.0 %**
EBIT-%	15.4 %	19.5 %	**19.8 %**	**23.2 %**	**24.7 %**
ROE-%	5.7 %	6.1 %	**6.1 %**	**8.5 %**	**10.2 %**
ROI-%	5.3 %	6.7 %	**6.8 %**	**8.6 %**	**9.7 %**
Equity ratio	60.3 %	57.7 %	**57.5 %**	**57.9 %**	**59.2 %**
Gearing	44.7 %	49.4 %	**49.9 %**	**47.2 %**	**43.1 %**

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
9/1/2023	Accumulate	24.50 €	23.15 €
10/11/2023	Accumulate	21.00 €	18.22 €
10/30/2023	Buy	21.00 €	16.50 €
2/6/2024	Accumulate	21.00 €	19.34 €
2/12/2024	Accumulate	20.00 €	18.26 €
4/24/2024	Accumulate	19.00 €	16.82 €

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