

Revenio Group

Company report

8/9/2024



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✓ Inderes corporate customer

This report is a summary translation of the report “Yhtiö etenee aikataulussa” published on 8/8/2024 at 7:25 pm EEST

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Company progress on track

We reiterate our Accumulate recommendation for Revenio and raise our target price to EUR 32.0 (was EUR 28.0). The company's revenue growth accelerated faster than we anticipated, and the Q2 operating result exceeded our expectations. The company has returned to profit growth as expected, and future growth drivers are developing promisingly, laying the foundation for profitable growth in the medium term as well. The share's valuation (2025e, adj. EV/EBIT 20x) is no longer cheap, but we believe it is justified and the upside from the 2025 earnings growth gives a reason to stay on board.

Growth accelerated beyond our expectations on a broad front

Revenio's revenue in Q2 grew by 14 % to 25.4 MEUR, clearly exceeding expectations. Growth was strongest in imaging devices (iCare DRSplus, COMPASS and EIDON), but there was also strong growth in tonometers (iCare IC200 and sensors). The recovery in demand for private equity-backed US opticians has not yet translated into significant orders, but there was a good inflow of replacement orders. The operating result was strong at 6.0 MEUR and clearly exceeded our expectations, even though the cost structure increased faster than expected. The reported operating profit was burdened by the write-off of the non-strategic Ventica (0.73 MEUR), which has no impact on cash flows or our view. Cash flows were ample and overall Revenio did what we expected in Q2: the company firmly returned to a path of earnings growth as demand recovered from its temporary dip.

Future growth drivers look promising

Revenio's guidance was as expected for currency-adjusted revenue to grow by 5-10% and its profitability to be "at a good level" excluding non-recurring items in 2024. Our growth forecast (around +9%) is at the upper end of the range and we consider an increase in guidance possible if the good traction continues in the crucial Q4 (strong comparison period). Confidence in the outlook for the coming years was given by the fact that future growth drivers developed in line with expectations. The iCare ILLUME screening solution seems to be progressing better than expected (dozens of new customers have been won and, according to the company, the reception has been "extremely positive"), while the HOME2 reimbursement policy, the development of the new Maia microperimeter and other product development projects are on track. Based on the report, we have not made any material changes to our forecasts for the coming years. The ongoing FDA application in the US (iCare DRSplus + partner AI) was not updated in the report, but Revenio's own FDA application for the ILLUME solution is progressing as planned (FDA approval possibly in H2'25). We did not make any material forecast changes for the coming years after of the Q2 report, once we adjust for the Ventica write-off.

Earnings growth creates upside

Revenio's earnings growth story is returning to its track during 2024, as expected, and the outlook for 2025 still looks very positive. Valuation has tightened since the stock's rise, but looking ahead to next year, we still find it quite attractive (2025e adj. EV/EBIT 20x). As the turnaround strengthens and visibility slowly improves, next year's earnings growth will also be easier to rely on. We consider the relative valuation to be neutral and believe that Revenio is one of the best companies in the group. Overall, we think that Revenio's valuation is currently moderate, but the company is no longer particularly cheap. However, now that the recovery in market demand is reflected in the numbers and the outlook for next year is very positive with several drivers supporting the company, we believe the risk/reward ratio of the stock remains attractive.

Recommendation

Accumulate
(previous Accumulate)

EUR 32.00
(previous EUR 28.00)

Share price:
28.82



Key figures

	2023	2024e	2025e	2026e
Revenue	97	105	121	142
growth-%	0%	9%	15%	17%
EBIT adj.	28.5	28.6	36.9	44.9
EBIT-% adj.	29.5 %	27.2 %	30.6 %	31.6 %
Net Income	19.1	20.2	28.0	34.5
EPS (adj.)	0.80	0.83	1.09	1.33
P/E (adj.)	31.5	34.9	26.5	21.6
P/B	6.7	7.0	6.0	5.2
Dividend yield-%	1.5 %	1.4 %	2.0 %	2.5 %
EV/EBIT (adj.)	23.4	26.2	19.7	15.7
EV/EBITDA	22.0	23.6	18.2	14.6
EV/S	6.9	7.1	6.0	5.0

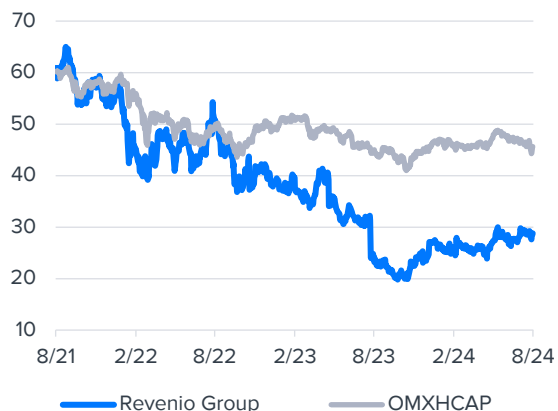
Source: Inderes

Guidance

(Unchanged)

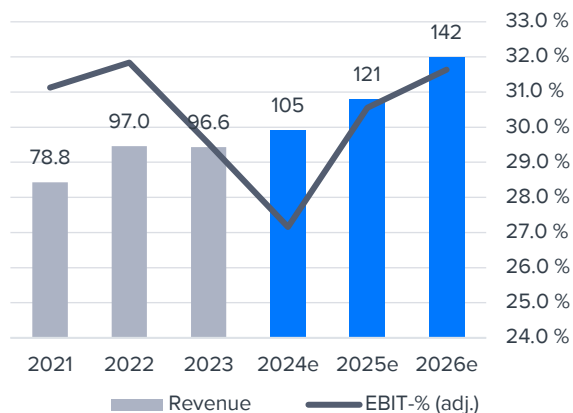
Revenio Group's exchange rate-adjusted revenue is estimated to grow 5-10 percent from the previous year and profitability, excluding non-recurring items, is estimated to remain at a good level.

Share price



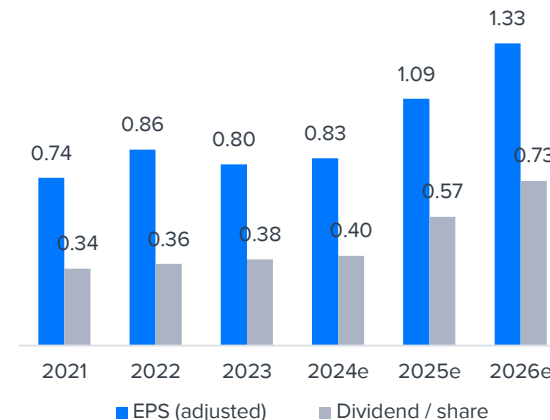
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Long-term growth outlook is strong
- Generally quite good predictability of the result and cash flow
- Strong competitive protection and growth drivers give support
- New products and software systems have attractive long-term growth potential
- Excellent track record of value creation
- Potential acquisitions (OCT)



Risk factors

- Weakening of patent protection for the Icare tonometer after 2023
- Speed and success of the HOME product's ramp-up
- Success in strong growth of imaging devices
- Success of growth investments (new products)
- High valuation level of the share poses a risk for investors

Valuation	2024e	2025e	2026e
Share price	28.8	28.8	28.8
Number of shares, millions	26.6	26.6	26.6
Market cap	766	766	766
EV	748	728	705
P/E (adj.)	34.9	26.5	21.6
P/E	37.9	27.4	22.2
P/B	7.0	6.0	5.2
P/S	7.3	6.3	5.4
EV/Sales	7.1	6.0	5.0
EV/EBITDA	23.6	18.2	14.6
EV/EBIT (adj.)	26.2	19.7	15.7
Payout ratio (%)	52.0 %	54.0 %	56.0 %
Dividend yield-%	1.4 %	2.0 %	2.5 %

Source: Inderes

Growth picked up faster than expected

Broad-based growth

Revenio's Q2 revenue increased by 14.2% to 25.4 MEUR, clearly exceeding both our (24.0 MEUR) and the consensus (24.6 MEUR) forecasts. Exchange rates had a small positive impact on growth, and adjusted for these effects, revenue increased by 13.5%. The comparison period was exceptionally weak by Revenio's standards, which made it obvious that the company would return to growth. However, the recovery accelerated well beyond our expectations and was surprisingly broad-based.

Revenio said that sales of imaging devices developed "very strongly" and tonometers "strongly". In imaging devices, in addition to the strong growth of the iCare DRSpplus camera, the main driver in recent years, the iCare COMPASS and iCare EIDON product family sold "very well". We welcome the fact that even products that have played a smaller role have proven successful. The company also announced that it has expanded sales of its iCare ILLUME screening solution to Germany, Spain and the Middle East, with "numerous new customers". Although the stream is still small, this is

encouraging progress for the future. On the tonometer side, sales of the iCare IC200 and sensors were particularly strong.

Operational profitability at a good level

The Q2 operating result was 5.3 MEUR, slightly below our forecast (5.5 MEUR) and well below consensus (6.1 MEUR). However, the result included a 0.73 MEUR write-down of the children's asthma product Ventica, leading to a solid EBIT of 6.0 MEUR or 23.5% of revenue after adjustment. Ventica is not part of Revenio's strategy and we have not assigned a value to it in the valuation. As a result, we believe that the write-off is justified in the context of the operational performance.

As usual, Revenio's gross margins were at an excellent level (71.1%), which means that revenue growth is directly reflected in profitability. On the other hand, fixed costs increased more than expected from the comparison period, especially in other operating expenses, which we believe also included some one-time costs. The Q2 result included significantly lower costs related to the FDA application for the iCare ILLUME screening solution than in Q1, and the remaining quarters of the year are

likely to be similar (H2'24e: 1.0 MEUR). However, the increase in wage costs is in principle permanent if earnings growth remains on track in the future (bonus provisions included).

Reported EPS were EUR 0.155 (Q2'23: EUR 0.12), which was in line with our forecast (EUR 0.16). Despite the exceptional items, the Q2 result returned to growth as expected.

Strong cash flow from operations

Net cash flow from operations in Q2 was strong at 6.5 MEUR, a significant improvement from the weak comparison period (Q2'23: -0.2 MEUR). Dividend payments were made in Q2, and the total change in cash and cash equivalents during the quarter was -5.7 MEUR. Overall, Revenio's balance sheet remains very strong, with a net gearing ratio of -3%. Regarding the potential acquisition of the company, the report did not provide new information. The company has a commitment to acquire the remaining shares for 8.1 MEUR during Q3 if the conditions are met, so we will know more about the (potential) acquisition after the quarter.

Estimates MEUR / EUR	Q2'23	Q2'24	Q2'24e	Q2'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	22.3	25.4	24.0	24.6			6%	105
EBIT	4.7	5.3	5.5	6.1			-4%	26.8
EPS (reported)	0.12	0.15	0.16	0.17			-2%	0.81
Revenue growth-%	-8.7 %	14.2 %	7.6 %	10.2 %			6.6 pp	8.9 %
Liikevoitto-%	20.9 %	20.8 %	23.0 %	24.8 %			-2.1 pp	25.5 %

Source: Inderes & Bloomberg (30.7.2024) (consensus)

Future growth drivers look promising

Guidance unchanged

As expected, Revenio reiterated its guidance and expects the company's currency-adjusted revenue to grow by 5-10% from the previous year and profitability to be at a good level excluding non-recurring items in 2024. Revenio's comparable revenue growth in the first half of the year was 6.1% and we expect growth to accelerate in the remainder of the year, supported by what we expect to be a gradual easing of the operating environment and a weaker comparison period in Q3. In Q4, on the other hand, the company faces a very tough comparison period where growth is likely to remain sluggish. Nevertheless, we forecast revenue growth to fall at the upper end of the guidance range (forecast at around +9%) and, in a good scenario, an increase in guidance is possible.

Market recovery largely on track

Overall, there are no significant changes in the market environment, although we believe that the economic outlook has generally weakened recently compared to previous expectations. This is a slight concern, but we are confident about Revenio's progress. Revenio does

not have a significant order book like its competitors, so last year's market slowdown was immediately reflected in its performance, with competitors (such as Carl Zeiss and Topcon) now reporting significantly weaker development. Now, on the other hand, Revenio has benefited from the recovery.

According to the company, the investment appetite of the private equity investor-owned optician chains in the US is showing positive signs of picking up compared to last year, although the recovery has not yet materialized in the form of major orders. Weakening demand in these chains was one of the factors that led to the profit warning last year. However, the strong growth in Q2 showed that the still weak demand from this customer group is not an obstacle to growth, although larger orders would of course provide a boost.

Growth drivers look promising

Revenio again provided an update on the development of its future growth drivers. Of these, the sales trend for Revenio's iCare ILLUME screening solution, which we described on the previous page,

was particularly promising. According to the company, the feedback at industry conferences has been "extremely positive", which is obviously a promising sign.

The process related to the reimbursement policy for the iCare HOME2 tonometer is proceeding as planned in the United States and news on the process is expected in the fourth quarter. Development of the successor to the iCare MAIA microperimeter is on track for launch towards the end of the year, and the company continues to expect first commercial deliveries in early 2025. In contrast, the FDA application pending in the US (iCare DRSplus + partnered AI) was not updated in the report. The FDA application for Revenio's own ILLUME solution appears to be progressing as planned (possibly in H2'25).

Forecast changes were insignificant

Our forecasts are broadly unchanged following the report, with the only material changes to our 2024 forecasts being largely due to the Q2 figures. In the table below, we recommend looking at the adjusted figures for 2024, which exclude the Ventica write-off.

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
	Old	New		%	Old		New	%	
Revenue	105	105	0%	121	121	0%	141	142	1%
EBITDA	32.7	31.7	-3%	40.1	40.0	0%	47.7	48.2	1%
EBIT (excl. NRIs)	29.6	28.6	-4%	36.8	36.9	0%	44.2	44.9	1%
EBIT	28.6	26.8	-6%	35.8	36.0	0%	43.3	43.9	1%
PTP	28.0	26.5	-5%	36.2	36.3	0%	44.1	44.8	1%
EPS (excl. NRIs)	0.85	0.83	-2%	1.08	1.09	0%	1.31	1.33	1%
DPS	0.40	0.40	-2%	0.57	0.57	0%	0.72	0.73	1%

Earnings growth creates upside

Quality company with good long-term growth prospects

It has been easy to paint Revenio's high-quality earnings growth story well into the future, as the core business has maintained a strong growth trajectory while the company's profitability has scaled upwards. Last year, there were cracks in the excellent development, but the train is practically back on track. Revenio is well positioned in an industry with strong structural long-term growth drivers and deep moats (patents, brand, slow-moving industry and high barrier of entry). In the coming years, we believe the earnings growth prospects are good as new products slowly start to drive growth. In addition, Revenio will expand its product portfolio through both in-house product development and acquisitions, which are well positioned to create shareholder value.

With earnings growth, multiples turn attractive

Revenio's 2024e adjusted EV/EBIT is around 26x, which in the current market environment is already looking rather high even for Revenio. However, Revenio has regained our confidence in continued earnings growth, and we believe the market will draw the same conclusion if the strong performance continues. The valuation for 12 months from now is based on 2025 forecasts with an adjusted EV/EBIT of around 20x. By the company's standards, this is very reasonable and we still see upside, albeit more limited than before.

Overall, we think that Revenio's valuation is currently moderate, but the company is no longer particularly cheap. However, now that the recovery in market demand is reflected in the numbers and the outlook for next year is very positive with several drivers

supporting the company, we believe the risk/reward ratio of the stock remains attractive.

Relative valuation is quite neutral

Revenio has returned to historical premium pricing relative to the peer group we use, which we believe is justified as long as the size of the premium remains reasonable. The company is growing well ahead of the industry, and we believe its earnings growth outlook is strong, although a significant number of future earnings drivers are still maturing. The median 2024e EV/EBIT for the peer group is still around 23x, which is significantly lower than Revenio. On the other hand, the corresponding multiple for 2025 still implies a slight discount for Revenio.

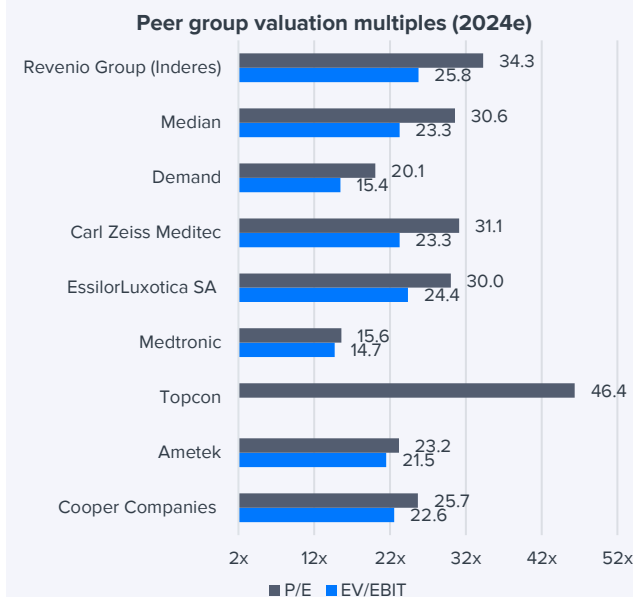
In our view, Revenio is one of the best companies in the group along with Zeiss, but Zeiss (2024e EV/EBIT 23x) is currently priced neutrally relative to the group median. Peer analysis is one element of valuation and we currently view it as fairly neutral, but changes in peer valuations do not drive our view.

DCF calculation

We have made small positive revisions to our long-term assumptions following Revenio's return to a more familiar trajectory. We have lowered the required return on the DCF calculation to 8.4% (previously 8.6%) and increased our long-term growth and profitability forecasts. This also raises the requirement level in the longer term, but we consider the assumptions to be reasonable. In the DCF calculation, the share of terminal value is now 65%, which we believe is reasonable given the company's profile. However, the valuation risk has increased.

Valuation	2024e	2025e	2026e
Share price	28.8	28.8	28.8
Number of shares, millions	26.6	26.6	26.6
Market cap	766	766	766
EV	748	728	705
P/E (adj.)	34.9	26.5	21.6
P/E	37.9	27.4	22.2
P/B	7.0	6.0	5.2
P/S	7.3	6.3	5.4
EV/Sales	7.1	6.0	5.0
EV/EBITDA	23.6	18.2	14.6
EV/EBIT (adj.)	26.2	19.7	15.7
Payout ratio (%)	52.0 %	54.0 %	56.0 %
Dividend yield-%	1.4 %	2.0 %	2.5 %

Source: Inderes

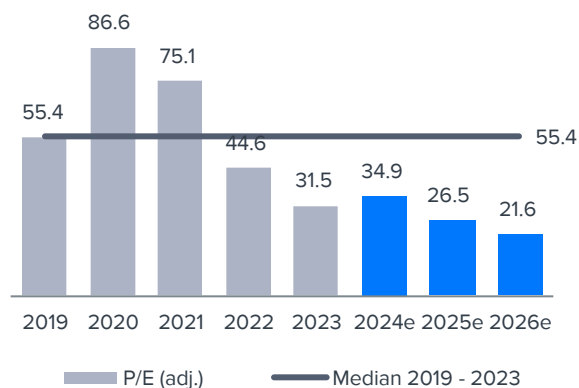


Valuation table

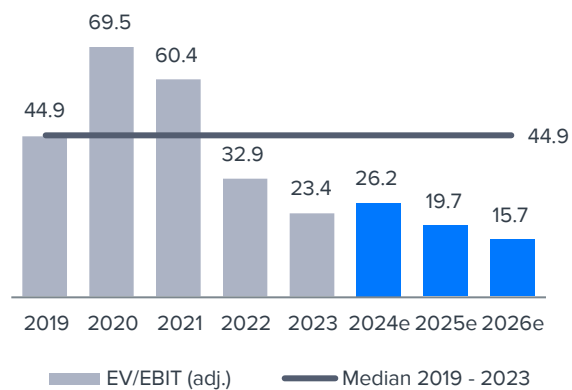
Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	26.3	50.3	55.6	38.6	25.2	28.8	28.8	28.8	28.8
Number of shares, millions	26.0	26.6	26.7	26.6	26.6	26.6	26.6	26.6	26.6
Market cap	697	1337	1482	1026	670	766	766	766	766
EV	700	1335	1482	1015	667	748	728	705	681
P/E (adj.)	55.4	86.6	75.1	44.6	31.5	34.9	26.5	21.6	18.5
P/E	73.0	>100	85.7	47.1	35.1	37.9	27.4	22.2	18.9
P/B	10.8	19.2	18.9	11.3	6.7	7.0	6.0	5.2	4.6
P/S	14.1	21.9	18.8	10.6	6.9	7.3	6.3	5.4	4.7
EV/Sales	14.1	21.9	18.8	10.5	6.9	7.1	6.0	5.0	4.2
EV/EBITDA	47.9	61.5	57.7	30.6	22.0	23.6	18.2	14.6	12.3
EV/EBIT (adj.)	44.9	69.5	60.4	32.9	23.4	26.2	19.7	15.7	13.1
Payout ratio (%)	85.1 %	63.7 %	52.4 %	43.9 %	52.9 %	52.0 %	54.0 %	56.0 %	60.0 %
Dividend yield-%	1.1 %	0.6 %	0.6 %	0.9 %	1.5 %	1.4 %	2.0 %	2.5 %	3.2 %

Source: Inderes

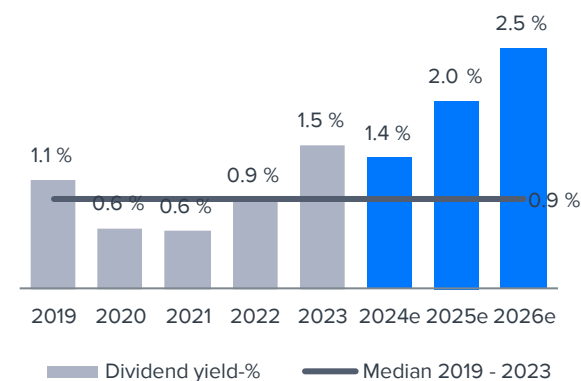
P/E (adj.)



EV/EBIT (adj.)



Dividend yield-%



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%	
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e
Revenio Group	762	756	26.6	21.3	23.2	19.0	7.2	6.4	36.3	28.7	1.4	1.7
Cooper Companies	16720	19098	22.6	20.5	18.3	16.7	5.4	5.0	25.7	23.1		
Ametek	33213	35276	21.5	19.7	17.4	16.2	5.5	5.2	23.2	21.5	0.7	0.8
Topcon	892	1292			9.3	6.7	1.0	0.9	46.4	12.3	3.2	3.5
Medtronic	95107	110867	14.7	13.9	13.0	12.5	3.8	3.6	15.6	14.9	3.4	3.5
EssilorLuxotica SA	95854	106238	24.4	21.6	15.7	14.4	4.0	3.8	30.0	26.8	1.9	2.0
Carl Zeiss Meditec	5563	5805	23.3	16.4	17.4	12.8	2.8	2.5	31.1	22.3	1.4	1.7
Demand	7828	9615	15.4	14.2	12.1	11.1	3.1	2.9	20.1	17.1		
Optomed (Inderes)	98	100					6.0	4.2				
Revenio Group (Inderes)	766	748	26.2	19.7	23.6	18.2	7.1	6.0	34.9	26.5	1.4	2.0
Average			25.8	21.5	18.6	15.9	4.6	4.1	33.8	25.2	1.8	1.8
Median			23.3	20.5	17.4	15.3	5.1	4.2	30.6	22.7	1.4	1.7
Diff-% to median			13%	-4%	36%	19%	38%	43%	14%	17%	-3%	18%

Source: Refinitiv / Inderes

Income statement

Income statement	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	78.8	97.0	23.2	22.3	22.0	29.1	96.6	23.6	25.4	25.2	30.9	105	121	142	162
Tonometers (estimate)	49.2	58.6	14.7	14.3	11.5	16.4	56.8	14.8	15.6	13.2	16.9	60.5	67.2	76.6	85.8
Imaging devices (estimate)	28.3	36.2	7.8	7.4	9.8	12.0	37.0	8.0	9.0	11.2	13.0	41.2	49.3	57.7	66.9
Oculo / Software (estimate)	0.9	2.2	0.6	0.7	0.7	0.8	2.8	0.8	0.8	0.8	0.9	3.4	4.4	7.5	9.0
Other products (estimate)	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	25.7	33.1	7.1	5.6	7.1	10.5	30.3	6.2	7.1	8.0	10.4	31.7	40.0	48.2	55.6
Depreciation	-3.6	-3.4	-0.9	-1.0	-1.0	-1.0	-3.9	-1.1	-1.8	-1.0	-1.0	-4.9	-4.0	-4.3	-4.5
EBIT (excl. NRI)	24.5	30.9	6.5	5.8	6.5	9.8	28.5	5.4	6.2	7.3	9.6	28.6	36.9	44.9	52.0
EBIT	22.1	29.7	6.2	4.7	6.0	9.5	26.3	5.1	5.3	7.0	9.4	26.8	36.0	43.9	51.1
Net financial items	0.0	-0.6	-0.4	-0.2	-0.1	-0.3	-1.0	-0.3	0.2	-0.1	-0.1	-0.3	0.3	0.9	1.5
PTP	22.1	29.1	5.8	4.5	5.9	9.2	25.4	4.8	5.5	6.9	9.3	26.5	36.3	44.8	52.7
Taxes	-4.8	-7.3	-1.5	-1.2	-1.5	-2.1	-6.3	-1.2	-1.3	-1.6	-2.1	-6.3	-8.4	-10.3	-12.1
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	17.3	21.8	4.2	3.3	4.4	7.1	19.1	3.6	4.1	5.3	7.2	20.2	28.0	34.5	40.5
EPS (adj.)	0.74	0.86	0.17	0.17	0.18	0.28	0.80	0.14	0.19	0.21	0.28	0.83	1.09	1.33	1.56
EPS (rep.)	0.65	0.82	0.16	0.12	0.17	0.27	0.72	0.14	0.16	0.20	0.27	0.76	1.05	1.30	1.53

Key figures	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	29.1 %	23.1 %	14.9 %	-8.7 %	-8.9 %	3.0 %	-0.5 %	1.8 %	14.2 %	14.7 %	6.1 %	8.9 %	15.0 %	17.3 %	14.1 %
Adjusted EBIT growth-%		25.9 %	10.6 %	-22.1 %	-18.6 %	1.4 %	-7.7 %	-16.7 %	7.8 %	12.5 %	-1.3 %	0.2 %	29.3 %	21.5 %	15.8 %
EBITDA-%	32.6 %	34.1 %	30.5 %	25.3 %	32.1 %	36.1 %	31.4 %	26.3 %	27.8 %	31.9 %	33.6 %	30.2 %	33.1 %	34.0 %	34.4 %
Adjusted EBIT-%	31.1 %	31.8 %	27.9 %	26.0 %	29.5 %	33.6 %	29.5 %	22.9 %	24.5 %	28.9 %	31.2 %	27.2 %	30.6 %	31.6 %	32.1 %
Net earnings-%	22.0 %	22.5 %	18.3 %	14.8 %	20.1 %	24.5 %	19.8 %	15.3 %	16.3 %	21.2 %	23.2 %	19.2 %	23.1 %	24.3 %	25.1 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	70.8	77.5	77.3	78.0	78.7
Goodwill	59.8	59.4	59.4	59.4	59.4
Intangible assets	4.3	7.1	6.6	6.6	6.4
Tangible assets	2.8	2.3	2.6	3.3	4.3
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.4	2.3	2.3	2.3	2.3
Other non-current assets	1.9	3.6	3.6	3.6	3.6
Deferred tax assets	1.6	2.8	2.8	2.8	2.8
Current assets	52.5	48.3	60.9	82.3	107
Inventories	6.7	10.5	9.5	9.7	9.9
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	13.7	16.3	15.8	16.9	18.4
Cash and equivalents	32.1	21.5	35.6	55.7	78.5
Balance sheet total	136	137	149	170	194

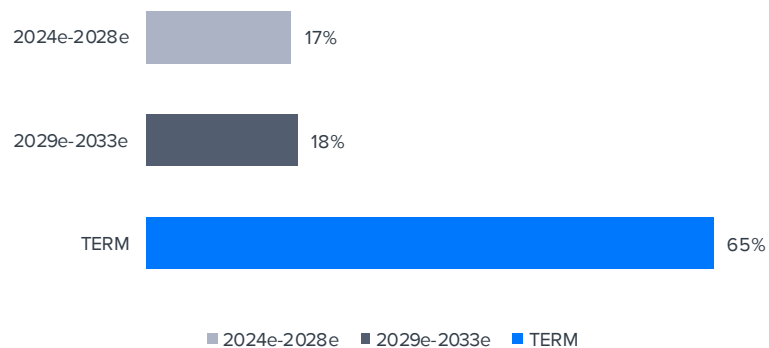
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	90.9	99.9	110	127	147
Share capital	5.3	5.3	5.3	5.3	5.3
Retained earnings	34.3	43.5	53.6	71.1	90.5
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	51.3	51.1	51.1	51.1	51.1
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	20.1	16.9	18.9	18.9	18.9
Deferred tax liabilities	3.7	3.3	3.3	3.3	3.3
Provisions	0.5	0.6	0.6	0.6	0.6
Interest bearing debt	15.8	13.0	15.0	15.0	15.0
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	25.2	20.6	19.8	23.6	28.5
Interest bearing debt	5.0	5.6	3.0	3.0	3.0
Payables	20.2	15.0	16.8	20.6	25.5
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	136	137	149	170	194

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-0.5 %	8.9 %	15.0 %	17.3 %	14.1 %	14.0 %	12.0 %	10.0 %	8.0 %	5.0 %	3.2 %	3.2 %
EBIT-%	27.3 %	25.5 %	29.8 %	31.0 %	31.6 %	32.0 %	31.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %
EBIT (operating profit)	26.3	26.8	36.0	43.9	51.1	59.0	64.0	68.2	73.6	77.3	79.8	
+ Depreciation	3.9	4.9	4.0	4.3	4.5	4.7	5.1	5.6	5.7	6.0	6.1	
- Paid taxes	-7.9	-6.3	-8.4	-10.3	-12.1	-14.1	-15.3	-16.3	-17.6	-18.5	-19.1	
- Tax, financial expenses	-0.4	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	
+ Tax, financial income	0.1	0.2	0.3	0.4	0.5	0.7	0.8	0.8	0.9	0.9	1.0	
- Change in working capital	-11.6	3.4	2.4	3.2	2.8	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	10.5	28.8	34.1	41.3	46.7	50.1	54.4	58.1	62.4	65.5	67.5	
+ Change in other long-term liabilities	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-8.2	-3.7	-3.7	-4.1	-4.3	-5.5	-6.0	-5.5	-6.1	-5.8	-6.2	
Free operating cash flow	2.3	25.1	30.4	37.2	42.4	44.6	48.5	52.6	56.3	59.7	61.4	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	2.3	25.1	30.4	37.2	42.4	44.6	48.5	52.6	56.3	59.7	61.4	1209
Discounted FCFF		24.3	27.1	30.7	32.2	31.3	31.3	31.3	30.9	30.3	28.7	565
Sum of FCFF present value		863	839	811	781	749	717	686	655	624	594	565
Enterprise value DCF		863										
- Interest bearing debt		-18.6										
+ Cash and cash equivalents		21.5										
-Minorities		0.0										
-Dividend/capital return		-10.1										
Equity value DCF		856										
Equity value DCF per share		32.2										

Cash flow distribution

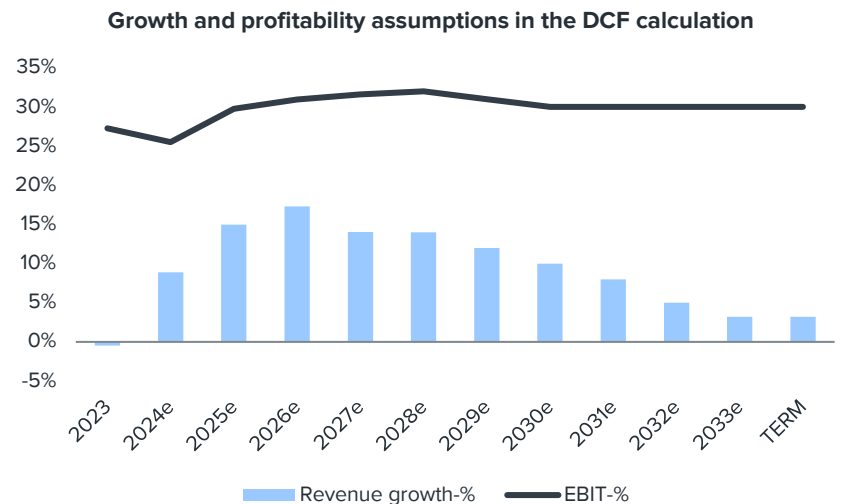
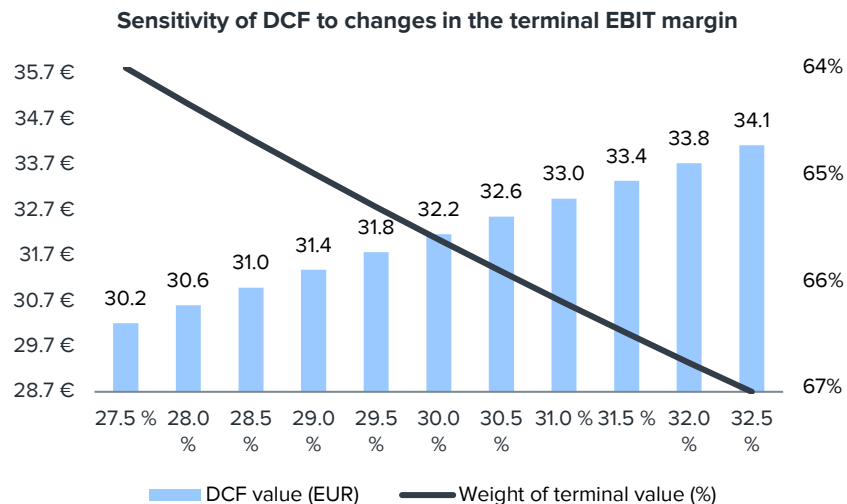
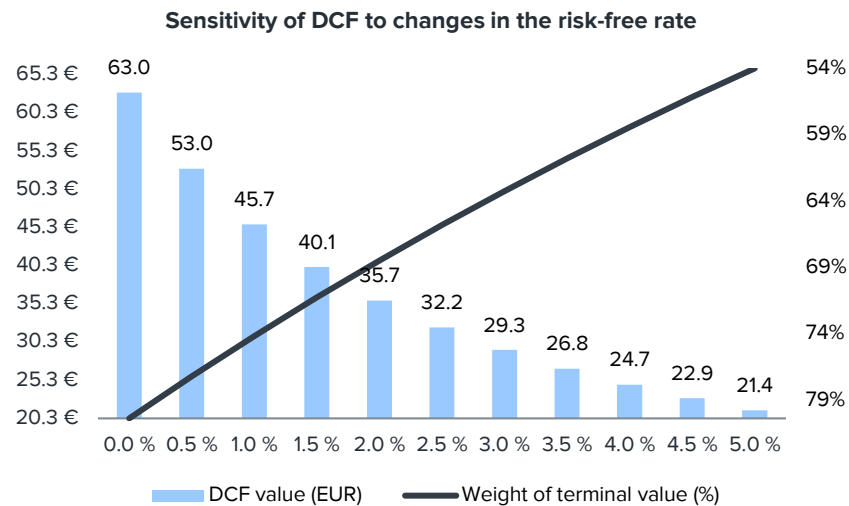
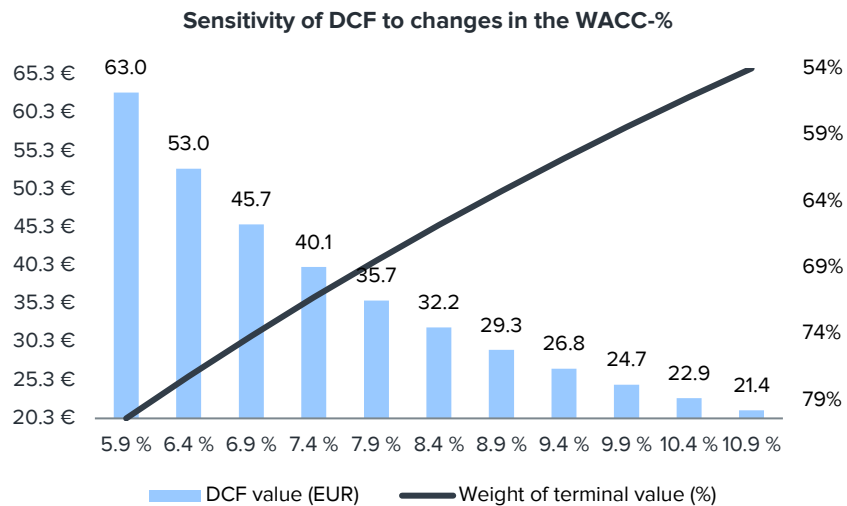


WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	4.0 %
Equity Beta	1.25
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.4 %
Weighted average cost of capital (WACC)	8.4 %

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	78.8	97.0	96.6	105.2	120.9	EPS (reported)	0.65	0.82	0.72	0.76	1.05
EBITDA	25.7	33.1	30.3	31.7	40.0	EPS (adj.)	0.74	0.86	0.80	0.83	1.09
EBIT	22.1	29.7	26.3	26.8	36.0	OCF / share	0.85	0.90	0.40	1.08	1.28
PTP	22.1	29.1	25.4	26.5	36.3	FCF / share	0.25	0.79	0.09	0.94	1.14
Net Income	17.3	21.8	19.1	20.2	28.0	Book value / share	2.94	3.42	3.76	4.14	4.80
Extraordinary items	-2.4	-1.2	-2.2	-1.7	-1.0	Dividend / share	0.34	0.36	0.38	0.40	0.57
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	124.6	136.1	137.4	148.8	169.9	Revenue growth-%	29%	23%	0%	9%	15%
Equity capital	78.4	90.9	99.9	110.0	127.5	EBITDA growth-%	18%	29%	-9%	5%	26%
Goodwill	59.8	59.8	59.4	59.4	59.4	EBIT (adj.) growth-%	28%	26%	-8%	0%	29%
Net debt	0.0	-11.3	-2.9	-17.6	-37.7	EPS (adj.) growth-%	27%	17%	-7%	3%	32%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	32.6 %	34.1 %	31.4 %	30.2 %	33.1 %
EBITDA	25.7	33.1	30.3	31.7	40.0	EBIT (adj.)-%	31.1 %	31.8 %	29.5 %	27.2 %	30.6 %
Change in working capital	2.4	-1.5	-11.6	3.4	2.4	EBIT-%	28.0 %	30.6 %	27.3 %	25.5 %	29.8 %
Operating cash flow	22.7	24.0	10.5	28.8	34.1	ROE-%	23.4 %	25.7 %	20.0 %	19.3 %	23.5 %
CAPEX	-15.8	-2.9	-8.2	-3.7	-3.7	ROI-%	22.1 %	27.6 %	23.3 %	22.3 %	27.1 %
Free cash flow	6.7	21.1	2.3	25.1	30.4	Equity ratio	63.0 %	66.8 %	72.7 %	74.0 %	75.0 %
						Gearing	0.0 %	-12.5 %	-2.9 %	-16.0 %	-29.6 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	18.8	10.5	6.9	7.1	6.0						
EV/EBITDA	57.7	30.6	22.0	23.6	18.2						
EV/EBIT (adj.)	60.4	32.9	23.4	26.2	19.7						
P/E (adj.)	75.1	44.6	31.5	34.9	26.5						
P/B	18.9	11.3	6.7	7.0	6.0						
Dividend-%	0.6 %	0.9 %	1.5 %	1.4 %	2.0 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2/21/2020	Accumulate	31.00 €	28.85 €
3/19/2020	Buy	24.00 €	18.48 €
4/23/2020	Accumulate	25.00 €	22.75 €
8/7/2020	Reduce	34.00 €	33.50 €
10/23/2020	Reduce	36.00 €	38.05 €
12/21/2020	Reduce	44.00 €	48.65 €
2/12/2021	Accumulate	60.00 €	53.00 €
4/26/2021	Accumulate	65.00 €	59.20 €
<i>Analyst changed</i>			
6/9/2021	Accumulate	65.00 €	59.50 €
8/6/2021	Reduce	65.00 €	64.80 €
10/22/2021	Accumulate	58.00 €	55.40 €
2/11/2022	Accumulate	48.00 €	44.30 €
4/7/2022	Reduce	48.00 €	47.96 €
4/29/2022	Reduce	48.00 €	47.58 €
8/5/2022	Reduce	52.00 €	54.30 €
10/28/2022	Reduce	40.00 €	39.48 €
1/27/2023	Reduce	40.00 €	37.62 €
2/10/2023	Reduce	38.00 €	37.26 €
1/27/2023	Reduce	40.00 €	37.62 €
2/10/2023	Reduce	38.00 €	37.26 €
3/20/2023	Accumulate	38.00 €	34.66 €
4/28/2023	Reduce	38.00 €	39.24 €
8/3/2023	Accumulate	26.00 €	24.08 €
8/11/2023	Accumulate	26.00 €	23.20 €
10/4/2023	Buy	26.00 €	19.81 €
10/27/2023	Buy	24.50 €	19.90 €
12/7/2023	Accumulate	25.50 €	23.66 €
2/16/2024	Reduce	28.00 €	27.94 €
4/4/2024	Accumulate	28.00 €	25.86 €
4/26/2024	Accumulate	28.00 €	23.86 €
8/9/2024	Accumulate	32.00 €	28.82 €



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