Enento Group

Company report

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Inderes corporate customer

This report is a summary translation of the report "Näkymissä havaittavissa vakaantumista" published on 7/17/2024 at 7:10 am EEST.

inderes.

Outlook indicates stabilization

Enento's results were slightly ahead of our forecast, but this was driven by a lower-than-normal cost structure, which we expect to change in H2. The company provided anticipated revenue guidance, which, in line with our expectations, indicates a further decline in sales this year. In general, the demand environment is showing signs of stabilization. Looking ahead to next year, we think the valuation is at an attractive level (adj. P/E 14x and EV/EBIT 12x) and argues for a positive view. We reiterate our target price of EUR 19 and Accumulate recommendation.

Revenue in line with our expectations, but earnings slightly exceeded our forecasts

Enento's Q2 revenue decreased by 3% to 38.5 MEUR, in line with our expectations. Performance followed the pattern of recent quarters, with Consumer Insight down (-8%) and Business Insight much more stable (+1%). Here, development was supported by, e.g., the company's successful product launches in real estate and compliance services. Adjusted EBIT deteriorated slightly less than expected year-on-year and amounted to 10.9 MEUR (Q2'23: 11.8 MEUR) which corresponds to an EBIT margin of 28.4% (Q2'23: 29.8%). Profitability was again protected despite very low volumes, although the cost structure in Q2 was somewhat lighter than usual.

Anticipated guidance broadly in line with our expectations

For the first time, Enento provided revenue guidance for the current year as the company sees signs of stabilization in the demand environment. The company expects the year-on-year revenue development in H2 to be better than the corresponding revenue development in H1. For the full year, the company expects comparable revenue to decline compared to the prior year. We see the guidance as implying that comparable revenue for the current year will decline by 0-4%. No guidance was given on profitability, but the company said it sees clear upward pressure on costs for the rest of the year as, e.g., marketing efforts are increased with new product launches. In addition, there is a clear inflation in the cost of acquiring public data in Finland. With the report, we have revised our forecasts for the coming years slightly downward, reflecting a somewhat slower recovery in demand than previously expected and pressures on the expenditure side. We expect Enento's revenue to decline by 2% this year to 153 MEUR and adjusted EBIT to deteriorate to 42.2 MEUR (2023: 46.0 MEUR). We believe the company is well positioned to return to significant growth next year with the expected recovery in Consumer Insight. In 2025, we expect revenue to increase by 5% to 161 MEUR and adjusted EBIT to improve to 45.6 MEUR.

We believe a positive view is justified in a recovering environment

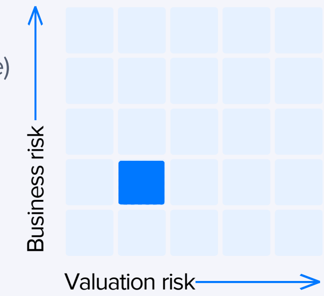
Enento's adjusted EV/EBIT multiples for 2024-2025 are 13x-12x and the corresponding P/E multiples are 19x-14x. We think the multiples for the current year are on the tight side, but looking ahead to next year, we think the valuation is already at an attractive level on the back of improved operating performance and declining financial 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 ~8%), 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 19.00)

Share price:
17.10



Key figures

	2023	2024e	2025e	2026e
Revenue	155.9	152.8	161.0	168.2
growth-%	-7%	-2%	5%	5%
EBIT adj.	46.0	42.2	45.6	49.4
EBIT-% adj.	29.5 %	27.6 %	28.3 %	29.3 %
Net Income	17.6	15.0	22.1	27.3
EPS (adj.)	1.05	0.91	1.20	1.42

P/E (adj.)	18.5	18.7	14.2	12.1
P/B	1.6	1.5	1.5	1.5
Dividend yield-%	5.1 %	5.8 %	6.1 %	6.4 %
EV/EBIT (adj.)	13.4	13.1	12.0	10.9
EV/EBITDA	12.1	11.5	9.6	8.8
EV/S	3.9	3.6	3.4	3.2

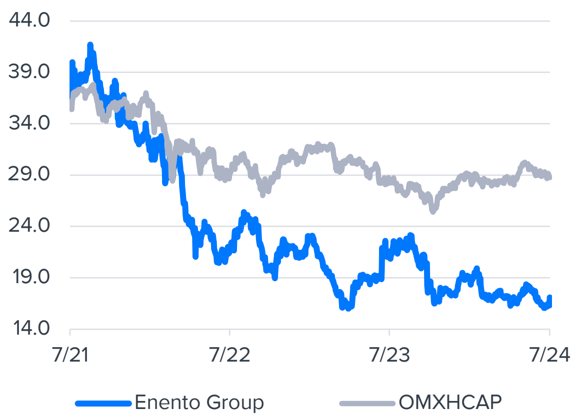
Source: Inderes

Guidance

(New guidance)

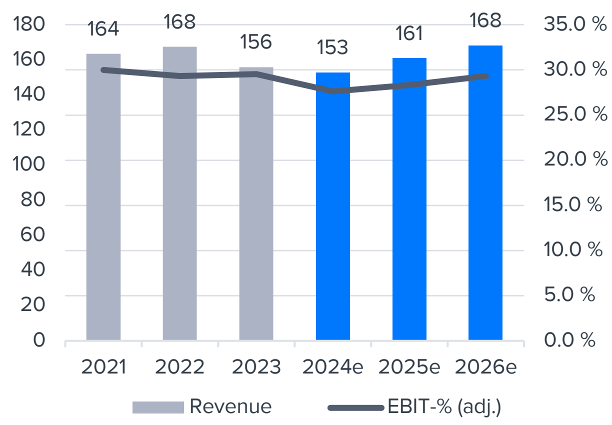
Enento's year-on-year revenue development is expected to improve in the second half of the financial year compared to the development in the first half of the year. For the full year 2024, Enento expects revenue to decline compared to 2023 (at comparable exchange rates and excluding the impact from the discontinued Tambur service).

Share price



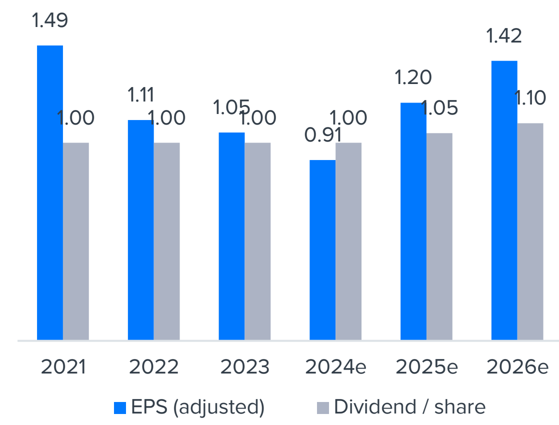
Source: Millistream Market Data AB

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	17.1	17.1	17.1
Number of shares, millions	23.6	23.6	23.6
Market cap	404	404	404
EV	553	547	539
P/E (adj.)	18.7	14.2	12.1
P/E	26.9	18.2	14.8
P/B	1.5	1.5	1.5
P/S	2.6	2.5	2.4
EV/Sales	3.6	3.4	3.2
EV/EBITDA	11.5	9.6	8.8
EV/EBIT (adj.)	13.1	12.0	10.9
Payout ratio (%)	157.4 %	112.0 %	95.2 %
Dividend yield-%	5.8 %	6.1 %	6.4 %

Source: Inderes

Developments broadly in line with our expectations

Revenue developed in line with our estimates

Enento's reported revenue decreased by 3% to 38.5 MEUR, in line with our expectations. Exchange rates had no significant impact on the growth rate and the comparable change in revenue was almost identical to the reported revenue.

As expected, the decline was again in the Consumer Insight business area, where net sales decreased by 8% to EUR 15.5 MEUR, in line with our expectations. The decline continues to be driven by weak demand for consumer credit information services. There were already signs of weakness in the comparison period, but the biggest drop was seen in the fall of 2023, which explains the continued sharp decline in revenue. This is due not only to the weak demand environment, but also to structural 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. In Business Insight, as expected, the development was much flatter, with revenue increasing by 1% to 23 MEUR. Growth was driven by new real estate and compliance services, among others. The share of revenue from new services (those launched in the last 36 months) increased to 15.3% (Q2'23): 13.7%).

The result exceeded our forecasts, but was driven by a lighter-than-normal cost structure

In Q2, Enento achieved an adjusted EBITDA of 14.1 MEUR (Q2'23: 14.5 MEUR). Adjusted EBIT amounted to 10.9 MEUR (Q2'23: 11.8 MEUR), which corresponds to an EBIT margin of 28.4% (Q2'23: 29.8%). Adjusted EBIT and adjusted EBITDA were both slightly ahead of our forecasts. Against the background of the company's successful adjustment measures, the cost structure was lighter than normal and certain investments will be increased in the remainder of the year.

The year-on-year deterioration in profitability was mainly due to lower volumes, which are reflected in profitability and profit through high gross margins. As expected, a small decline was also seen in the gross margin (Q2'24: 81.6% vs. Q2'23: 82.7%), mainly due to the decline in volumes of consumer credit information services in Sweden, where variable costs are very low.

Overall, however, the company once again managed to protect its profitability commendably despite the decline in volumes. The company noted that its 10 MEUR efficiency program reached more than 90% of its run rate target at the end of the second quarter.

Reported EBIT was 7.8 MEUR, exceeding our forecast of 6.8 MEUR, also due to lower-than-expected one-off effects. As a result, the reported EPS (EUR 0.19) also exceeded our forecast (EUR 0.14).

Estimates	Q2'23	Q2'24	Q2'24e	Q2'24e	Consensus		Difference (%)	2024e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	39.7	38.5	38.4	38.5	- -	-	0%	153
EBITDA (adj.)	14.5	14.1	13.6	13.4	- -	-	3%	56.0
EBIT (adj.)	11.8	10.9	10.6	10.1	- -	-	3%	42.2
EBIT	8.7	7.8	6.8	7.9	- -	-	14%	27.5
EPS (reported)	0.24	0.19	0.14	0.18	- -	-	35%	0.64
Revenue growth-%	-8.7 %	-2.9 %	-3.1 %	-2.9 %	-		0.2 pp	-2.0 %
EBIT-% (adj.)	29.8 %	28.3 %	27.6 %	26.2 %	-		0.7 pp	27.6 %

Source: Inderes & Enento (6 forecasts 7/4/2024) (consensus)

Enento Q2’24: Stable performance in a challenging environment

Outlook indicates stabilization

Revneue guidance broadly in line with our expectations

For the first time, Enento provided a revenue guidance for the current year in its Q2 results. The company's year-on-year revenue development is expected to improve in the second half of the financial year compared to the development in the first half of the year. For the full year, Enento expects revenue to decline compared to 2023 (at comparable exchange rates and excluding the impact from the discontinued Tambur service). In H1'24, comparable revenue was down 4% and we therefore interpret the guidance as a full year comparable revenue decline of approximately 0-4%.

The guidance was welcome, but there were no major surprises. Our previous forecasts were in line with the guidance given, expecting full-year revenue to decline by just over 1% and H2 revenue to outperform H1.

In terms of guidance, it's worth noting that in H2 the comparison periods ease significantly and thus the bar for improved revenue performance is not particularly high. In the big picture, however, the company sees a generally flattening demand outlook with no real slowdown in sight. This is of course positive, but it is still difficult to see when the Swedish market in particular will start to grow.

Expenditure pressure towards the end of the year

The company did not provide profitability guidance but commented that profitability in Q2 was stronger than normal, partly due to timing factors, and that there is upward pressure on several cost items in H2. Among other things, the company plans to increase its marketing efforts as the operating environment begins to improve (from a low level in Q2). Other cost pressures include the cost of launching new products and inflation in the cost of acquiring public data in Finland. In addition, one-off costs will increase in H2 as the company continues to consolidate its IT platform in Finland.

As a result, despite the slight earnings beat in Q2, we have made small negative revisions to our earnings forecasts for the coming years (at an adjusted EBIT level of 3-5%).

Our forecast for recovery next year remains unchanged

We now expect Enento's revenue to decline by 2% this year to 153 MEUR and adjusted EBIT to decrease to 42.2 MEUR (2023: 46.0 MEUR), which corresponds to an EBIT margin of 27.6%.

Next year, we expect revenue to return to growth of just over 5%, driven by the expected recovery in Consumer Insight and a slight upturn in Business Insight. We expect adjusted EBIT to improve to 45.6 MEUR (28.3% 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 results. 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	155	153	-1%	163	161	-1%	170	168	-1%
EBITDA	51.1	48.3	-5%	59.0	56.9	-4%	63.0	61.3	-3%
EBIT (exc. NRIs)	44.3	42.2	-5%	47.2	45.6	-3%	51.0	49.4	-3%
EBIT	30.6	27.5	-10%	37.7	35.7	-5%	42.0	40.4	-4%
PTP	22.1	19.5	-12%	30.0	28.2	-6%	36.1	34.7	-4%
EPS (excl. NRIs)	1.00	0.91	-8%	1.30	1.20	-7%	1.49	1.42	-5%
DPS	1.00	1.00	0%	1.05	1.05	0%	1.10	1.10	0%

Source: Inderes

Valuation

We believe a positive view is justified in a recovering environment

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 19x-14x and the corresponding adjusted EV/EBIT multiples to be 13x-12x. In particular, we think the P/E ratio for the current year is tight. 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, earnings growth expectations priced into the stock have declined in recent years as earnings performance has been negative for several years. The image of a defensive business model has also been put to a bit of a test in the recent turbulence. Nevertheless, we believe that current valuation multiples are attractive if the earnings improvement we forecast for next year materializes.

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 21.5, 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 share is based on organic earnings growth and a solid dividend yield. With our estimates the company's adjusted EBIT in the next few years (2024e-2027e) grows by some 8% 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 would not advise investors to rely too heavily on this alone. All in all, we find the risk/reward ratio of the stock attractive.

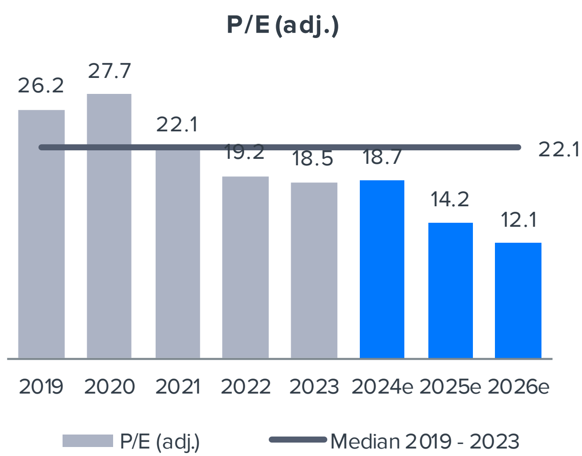
Valuation	2024e	2025e	2026e
Share price	17.1	17.1	17.1
Number of shares, millions	23.6	23.6	23.6
Market cap	404	404	404
EV	553	547	539
P/E (adj.)	18.7	14.2	12.1
P/E	26.9	18.2	14.8
P/B	1.5	1.5	1.5
P/S	2.6	2.5	2.4
EV/Sales	3.6	3.4	3.2
EV/EBITDA	11.5	9.6	8.8
EV/EBIT (adj.)	13.1	12.0	10.9
Payout ratio (%)	157.4 %	112.0 %	95.2 %
Dividend yield-%	5.8 %	6.1 %	6.4 %

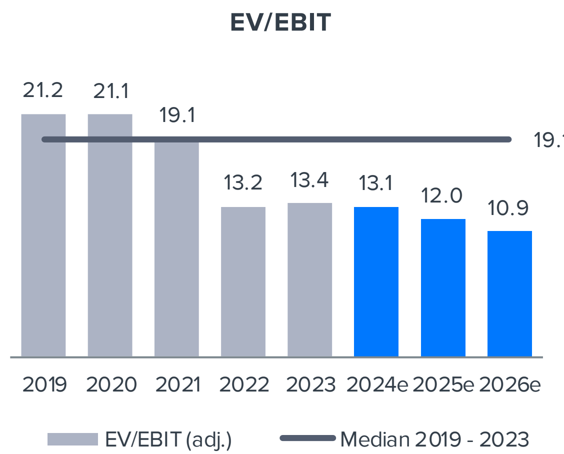
Source: Inderes

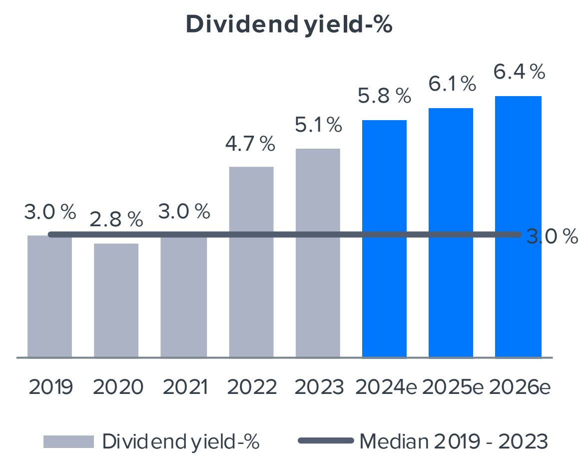
Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	31.5	33.6	33.0	21.4	19.5	**17.1**	**17.1**	**17.1**	**17.1**
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	**404**	**404**	**404**	**404**
EV	904	950	935	646	615	**553**	**547**	**539**	**529**
P/E (adj.)	26.2	27.7	22.1	19.2	18.5	**18.7**	**14.2**	**12.1**	**11.0**
P/E	38.3	41.5	30.7	29.6	26.4	**26.9**	**18.2**	**14.8**	**13.1**
P/B	2.4	2.6	2.5	1.7	1.6	**1.5**	**1.5**	**1.5**	**1.4**
P/S	5.2	5.3	4.9	3.1	3.0	**2.6**	**2.5**	**2.4**	**2.3**
EV/Sales	6.2	6.3	5.7	3.9	3.9	**3.6**	**3.4**	**3.2**	**3.0**
EV/EBITDA	18.7	19.3	16.1	11.6	12.1	**11.5**	**9.6**	**8.8**	**8.1**
EV/EBIT (adj.)	21.2	21.1	19.1	13.2	13.4	**13.1**	**12.0**	**10.9**	**9.9**
Payout ratio (%)	115.6 %	117.3 %	92.9 %	138.5 %	135.5 %	**157.4 %**	**112.0 %**	**95.2 %**	**88.0 %**
Dividend yield-%	3.0 %	2.8 %	3.0 %	4.7 %	5.1 %	**5.8 %**	**6.1 %**	**6.4 %**	**6.7 %**

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	4027	7081	9.9	9.6	8.6	8.2	3.4	3.2	10.0	9.7	2.0	3.4	1.3
Fair Isaac Corp	35990	37738	57.7	47.3	54.1	45.2	27.2	24.1	79.3	67.3			
Equifax Inc	29322	34430	35.4	28.6	22.2	19.7	7.2	6.6	38.9	35.1	0.6	0.6	7.0
Experian Plc	39780	43529	27.9	25.1	20.5	19.4	7.2	6.7	35.3	32.6	1.3	1.2	9.9
TransUnion	14400	18971	111.7	29.1	15.6	14.1	5.4	5.1	24.8	21.2	0.5	0.5	3.7
Moody's Corp	74715	78852	36.2	31.8	32.6	28.2	14.5	13.0	44.5	40.7	0.7	0.8	23.2
Intrum AB	393	5517	11.9	12.9	6.6	9.8	3.2	3.4	2.7	10.8			0.3
Credit Corp Group Ltd	607	819	9.4	11.0	8.6	9.7	2.8	2.7	10.7	13.8	4.7	3.5	1.2
Kruk S.A.	2134	3309	10.8	9.6	10.4	9.2	5.5	4.8	9.7	8.7	3.7	3.6	2.4
Alma Media	788	925	12.6	14.1	10.2	11.6	3.0	3.3	14.6	16.9	4.7	4.4	3.7
F-Secure	355	537	12.7	10.3	14.2	9.3	4.1	3.4	10.8	11.5	3.4	3.7	7.6
Enento Group (Inderes)	**404**	**553**	**13.1**	**12.0**	**11.5**	**9.6**	**3.6**	**3.4**	**18.7**	**14.2**	**5.8**	**6.1**	**1.5**
Average			**30.6**	**20.8**	**18.5**	**16.8**	**7.6**	**6.9**	**25.6**	**24.4**	**2.4**	**2.4**	**6.0**
Median			**12.7**	**14.1**	**14.2**	**11.6**	**5.4**	**4.8**	**14.6**	**16.9**	**2.0**	**3.4**	**3.7**
Diff-% to median			***3%***	***-15%***	***-19%***	***-17%***	***-33%***	***-30%***	***28%***	***-16%***	***191%***	***83%***	***-60%***

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	**168**	**40.0**	**39.7**	**37.3**	**38.9**	**156**	**37.3**	**38.5**	**37.3**	**39.8**	**153**	**161**	**168**	**175**
Business Insight	92.1	22.4	22.8	20.9	22.6	88.6	22.2	23.0	21.7	23.5	90.4	94.7	99.0	103
Consumer Insight	75.4	17.6	16.8	16.5	16.3	67.3	15.1	15.4	15.6	16.3	62.4	66.2	69.2	72.0
Adjusted EBITDA	**61.2**	**14.7**	**14.5**	**14.5**	**13.4**	**57.1**	**12.4**	**14.1**	**14.5**	**13.6**	**54.6**	**58.9**	**62.5**	**66.7**
EBITDA	**55.6**	**12.1**	**13.7**	**14.0**	**11.1**	**51.1**	**10.3**	**13.1**	**13.0**	**11.8**	**48.3**	**56.9**	**61.3**	**65.7**
Depreciation	-29.8	-5.2	-5.1	-5.1	-5.3	-20.6	-5.1	-5.3	-5.2	-5.2	-20.8	-21.2	-20.9	-20.7
EBIT (excl. NRI)	**49.1**	**12.0**	**11.8**	**11.8**	**10.5**	**46.0**	**9.4**	**10.9**	**11.4**	**10.5**	**42.2**	**45.6**	**49.4**	**53.4**
EBIT	**25.8**	**6.9**	**8.7**	**8.9**	**5.9**	**30.4**	**5.2**	**7.8**	**7.9**	**6.6**	**27.5**	**35.7**	**40.4**	**44.9**
Group	25.8	6.9	8.7	8.9	5.9	30.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share of profits in assoc. compan.	-0.9	-0.3	-0.2	-0.1	-0.2	-0.8	-0.2	-0.1	-0.2	-0.2	-0.7	-0.7	-0.7	-0.7
Net financial items	-2.7	-1.3	-1.4	-1.9	-2.8	-7.4	-1.2	-2.1	-2.1	-2.0	-7.4	-6.8	-5.0	-5.0
PTP	**22.1**	**5.3**	**7.1**	**6.9**	**2.9**	**22.2**	**3.9**	**5.6**	**5.6**	**4.4**	**19.5**	**28.2**	**34.7**	**39.2**
Taxes	-4.8	-1.1	-1.5	-1.5	-0.7	-4.7	-0.8	-1.3	-1.4	-1.1	-4.5	-6.1	-7.4	-8.4
Net earnings	**17.4**	**4.3**	**5.6**	**5.4**	**2.2**	**17.6**	**3.1**	**4.4**	**4.2**	**3.3**	**15.0**	**22.1**	**27.3**	**30.8**
EPS (adj.)	**1.11**	**0.26**	**0.31**	**0.31**	**0.17**	**1.05**	**0.20**	**0.26**	**0.25**	**0.21**	**0.91**	**1.20**	**1.42**	**1.56**
EPS (rep.)	**0.72**	**0.18**	**0.24**	**0.23**	**0.09**	**0.74**	**0.13**	**0.19**	**0.18**	**0.14**	**0.64**	**0.94**	**1.16**	**1.31**

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	2.5 %	-1.7 %	-8.7 %	-7.8 %	-9.3 %	-6.9 %	-6.8 %	-3.0 %	-0.2 %	2.3 %	-2.0 %	5.3 %	4.5 %	4.3 %
Adjusted EBIT growth-%	0.2 %	26.6 %	-7.8 %	-13.4 %	-20.9 %	-6.3 %	-21.7 %	-7.5 %	-2.9 %	-0.2 %	-8.3 %	8.1 %	8.2 %	8.1 %
EBITDA-%	33.2 %	30.4 %	34.7 %	37.6 %	28.6 %	32.7 %	27.7 %	34.2 %	35.0 %	29.6 %	31.6 %	35.3 %	36.4 %	37.4 %
Adjusted EBITDA-%	36.6 %	36.8 %	36.5 %	38.9 %	34.4 %	36.6 %	33.3 %	36.7 %	39.0 %	34.1 %	35.7 %	36.6 %	37.2 %	38.0 %
Adjusted EBIT-%	29.3 %	29.9 %	29.8 %	31.5 %	27.0 %	29.5 %	25.1 %	28.4 %	30.7 %	26.3 %	27.6 %	28.3 %	29.3 %	30.4 %
Net earnings-%	10.4 %	10.7 %	14.2 %	14.5 %	5.7 %	11.3 %	8.2 %	11.4 %	11.3 %	8.3 %	9.8 %	13.7 %	16.2 %	17.6 %

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	79.9	73.7	68.5
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**	**45.8**	**49.1**	**50.6**
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	27.5	28.2	28.8
Cash and equivalents	20.8	17.4	18.3	20.9	21.9
Balance sheet total	**499**	**490**	**480**	**476**	**471**

Source: Inderes

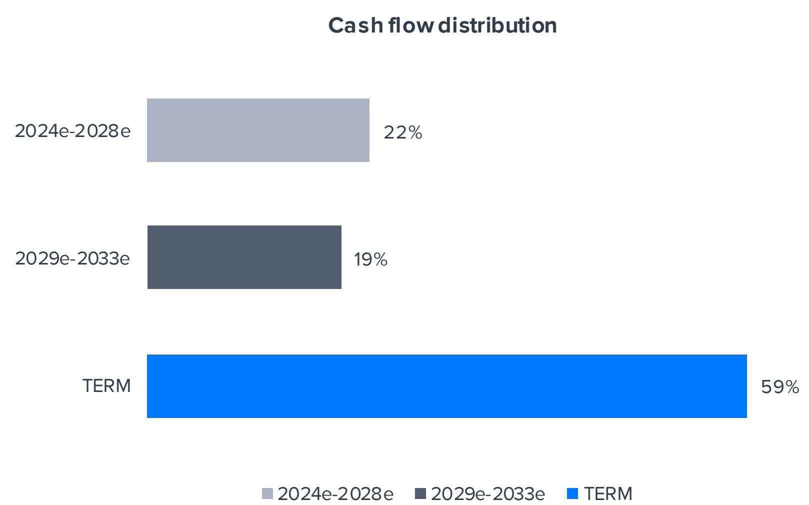
Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	**295**	**283**	**274**	**273**	**275**
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	38.3	55.8	47.0	45.6	48.1
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	256	227	227	227	227
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**169**	**170**	**169**	**167**	**161**
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	153	151	145
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**	**36.8**	**36.1**	**35.1**
Interest bearing debt	1.4	2.6	4.7	3.1	1.5
Payables	33.5	34.4	32.1	33.0	33.6
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**499**	**490**	**480**	**476**	**471**

DCF calculation

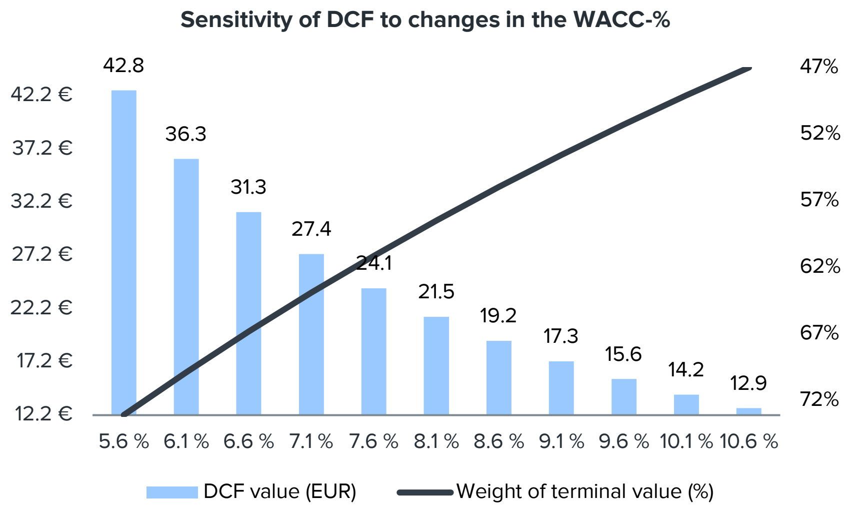
DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-6.9 %	-2.0 %	5.3 %	4.5 %	4.3 %	3.9 %	3.8 %	3.7 %	3.7 %	3.5 %	2.2 %	2.2 %
EBIT-%	19.5 %	18.0 %	22.2 %	24.0 %	25.6 %	26.4 %	27.3 %	27.9 %	28.0 %	28.0 %	28.0 %	28.0 %
EBIT (operating profit)	**30.4**	**27.5**	**35.7**	**40.4**	**44.9**	**48.1**	**51.7**	**54.7**	**57.0**	**59.0**	**60.3**	
+ Depreciation	20.6	20.8	21.2	20.9	20.7	20.0	19.8	19.4	18.2	17.5	17.3	
- Paid taxes	-7.1	-4.5	-6.1	-7.4	-8.4	-9.3	-10.0	-10.7	-11.1	-11.5	-12.0	
- Tax, financial expenses	-1.5	-1.6	-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**	**42.0**	**49.7**	**52.9**	**56.4**	**58.4**	**60.8**	**62.8**	**63.4**	**64.3**	**65.1**	
+ 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**	**30.3**	**35.8**	**38.0**	**40.4**	**41.9**	**44.0**	**45.8**	**46.4**	**47.3**	**48.1**	
+/- 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	26.5	35.8	38.0	40.4	41.9	44.0	45.8	46.4	47.3	48.1	836
Discounted FCFF		**25.5**	**31.9**	**31.4**	**30.9**	**29.7**	**28.8**	**27.8**	**26.0**	**24.5**	**23.1**	**401**
Sum of FCFF present value		680	655	623	591	561	531	502	474	448	424	401
Enterprise value DCF		**680**										
- Interest bearing debt		-157.0										
+ Cash and cash equivalents		17.4										
-Minorities		0.0										
-Dividend/capital return		-23.8										
Equity value DCF		**507**										
Equity value DCF per share		**21.5**										

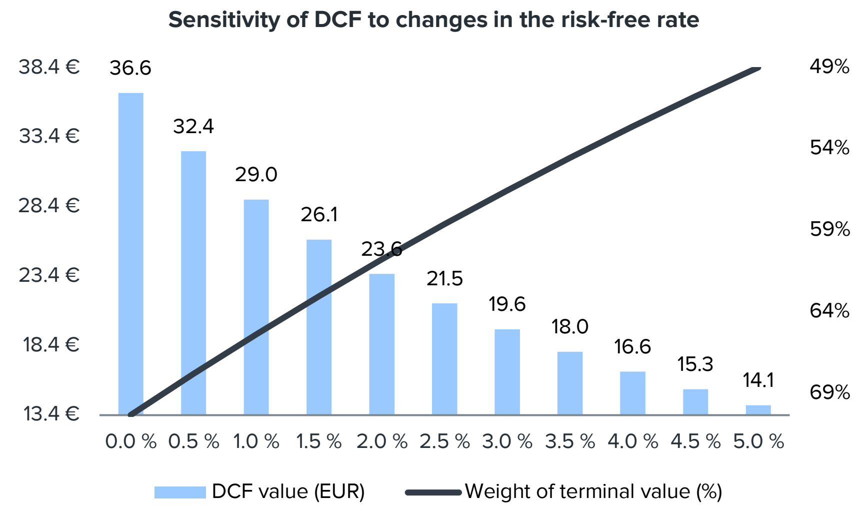
WACC	
Tax-% (WACC)	21.0 %
Target debt ratio (D/(D+E)	18.0 %
Cost of debt	5.0 %
Equity Beta	1.05
Market risk premium	4.75%
Liquidity premium	1.50%
Risk free interest rate	2.5 %
Cost of equity	**9.0 %**
Weighted average cost of capital (WACC)	**8.1 %**

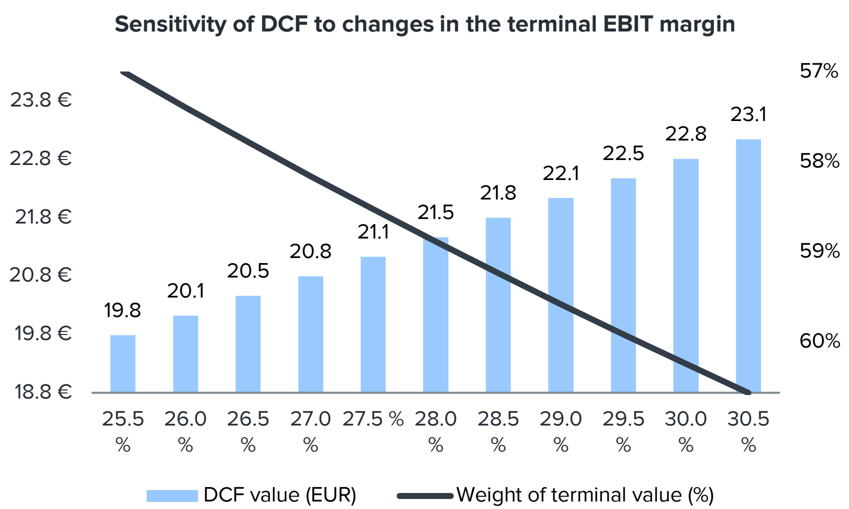
Source: Inderes

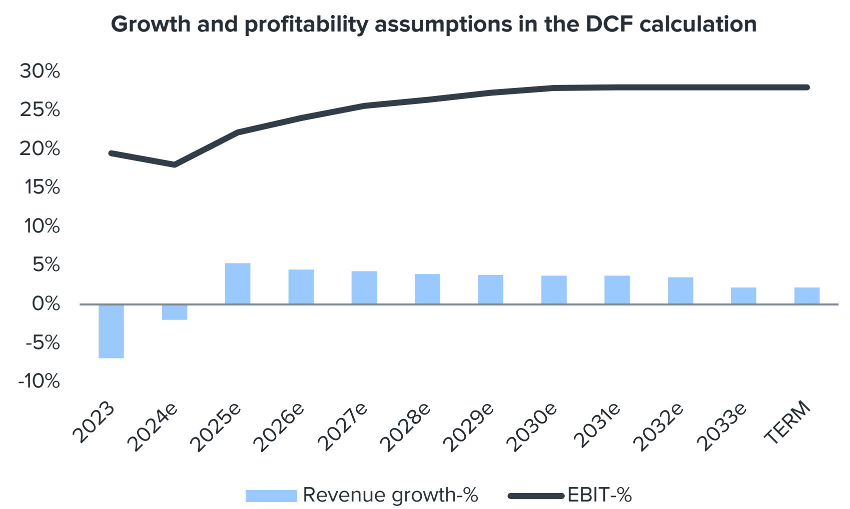


DCF sensitivity calculations and key assumptions in graphs









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	**152.8**	**161.0**	**168.2**
EBITDA	55.6	51.1	**48.3**	**56.9**	**61.3**
EBIT	25.8	30.4	**27.5**	**35.7**	**40.4**
PTP	22.1	22.2	**19.5**	**28.2**	**34.7**
Net Income	17.4	17.6	**15.0**	**22.1**	**27.3**
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	**479.8**	**475.7**	**471.2**
Equity capital	294.9	282.9	**274.1**	**272.7**	**275.1**
Goodwill	340.7	340.9	**340.9**	**340.9**	**340.9**
Net debt	131.8	139.7	**139.6**	**133.5**	**124.9**

Cash flow	2022	2023	2024e	2025e	2026e
EBITDA	55.6	51.1	**48.3**	**56.9**	**61.3**
Change in working capital	-3.2	0.7	**-0.1**	**0.2**	**0.0**
Operating cash flow	42.4	43.2	**42.0**	**49.7**	**52.9**
CAPEX	13.6	-15.9	**-11.4**	**-13.9**	**-14.9**
Free cash flow	52.3	22.5	**31.5**	**35.8**	**38.0**

Valuation multiples	2022	2023	2024e	2025e	2026e
EV/S	3.9	3.9	**3.6**	**3.4**	**3.2**
EV/EBITDA	11.6	12.1	**11.5**	**9.6**	**8.8**
EV/EBIT (adj.)	13.2	13.4	**13.1**	**12.0**	**10.9**
P/E (adj.)	19.2	18.5	**18.7**	**14.2**	**12.1**
P/B	1.7	1.6	**1.5**	**1.5**	**1.5**
Dividend-%	4.7 %	5.1 %	**5.8 %**	**6.1 %**	**6.4 %**

Source: Inderes

Per share data	2022	2023	2024e	2025e	2026e
EPS (reported)	0.72	0.74	**0.64**	**0.94**	**1.16**
EPS (adj.)	1.11	1.05	**0.91**	**1.20**	**1.42**
OCF / share	1.76	1.82	**1.78**	**2.10**	**2.24**
FCF / share	2.18	0.95	**1.12**	**1.52**	**1.61**
Book value / share	12.27	11.89	**11.62**	**11.55**	**11.66**
Dividend / share	1.00	1.00	**1.00**	**1.05**	**1.10**

Growth and profitability	2022	2023	2024e	2025e	2026e
Revenue growth-%	2%	-7%	**-2%**	**5%**	**5%**
EBITDA growth-%	-4%	-8%	**-5%**	**18%**	**8%**
EBIT (adj.) growth-%	0%	-6%	**-8%**	**8%**	**8%**
EPS (adj.) growth-%	-25%	-6%	**-13%**	**32%**	**18%**
EBITDA-%	33.2 %	32.7 %	**31.6 %**	**35.3 %**	**36.4 %**
EBIT (adj.)-%	29.3 %	29.5 %	**27.6 %**	**28.3 %**	**29.3 %**
EBIT-%	15.4 %	19.5 %	**18.0 %**	**22.2 %**	**24.0 %**
ROE-%	5.7 %	6.1 %	**5.4 %**	**8.1 %**	**10.0 %**
ROI-%	5.3 %	6.7 %	**6.2 %**	**8.1 %**	**9.4 %**
Equity ratio	60.3 %	57.7 %	**57.1 %**	**57.3 %**	**58.4 %**
Gearing	44.7 %	49.4 %	**50.9 %**	**49.0 %**	**45.4 %**

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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 €
7/17/2024	Accumulate	19.00 €	17.10 €

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