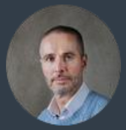
Componenta

Initiation of coverage

9/19/2023



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Inderes corporate customer

This report is a summary translation of the report “Nousun perusta on valettu” published on 9/19/2023 at 8:30 pm EEST.

Foundation for growth has been cast

We initiate the coverage of Componenta, one of the largest players in the foundry and machining services sector, with an Accumulate recommendation and a target price of EUR 3.20. The company has undergone a significant restructuring over the last 5-7 years, resulting in increased cost flexibility, improved profitability and lower risk levels. We expect moderate growth and stable profitability in the coming years. The valuation of the stock is favorable by all measures.

Fragmented and relatively slow-growing customer industries

In the foundry sector, customer proximity, quality, expertise and security of supply are often more important criteria than price alone. As a result, the foundry sector is local or regional by nature and at the same time very fragmented, which makes it difficult to analyze the market as a whole. However, we estimate the European end-customer market for Componenta's foundry business to grow by a good +3% p.a. between 2023 and 2026. The machining services sector is still much more fragmented than foundries, as the customers are partly the same and the investments required are much lower than in foundries. The machining services sector will grow slightly faster than foundries (around 4-5% y/y) as demand for precision components increases and the green transition creates demand for new types of parts (solar and wind power plants, ammonia and hydrogen engines, electric cars).

Renowned and committed customer base

Componenta's customers are, to a large extent, globally leading engineering companies in their respective industries with significant manufacturing operations in Finland. Key customer relationships go back decades and customer loyalty is strong. Indeed, Componenta is the main customer supplier for many items. In Componenta's business, competition is generally for customers in a particular area, but Componenta has not suffered any loss of customers.

Improved cost flexibility safeguards profitability

Our estimate for Componenta's net sales growth in 2023-2026 is based on expectations of the net sales from equipment sales to known, assumed or potential customers. On this basis, Componenta's CAGR for 2023-2026 is 3.1% p.a. Growth will be slowed by the fact that among the items passed on to customers, the prices of pig iron, recycled steel and electricity will fall over the estimate period. The profitability trend is supported by the clearly reduced share of fixed costs (now around 39% when wages are included in fixed costs), which has been influenced by the mentioned price indexation. We therefore expect the EBITDA margin in 2023-2026 to be fairly stable (8.3-9.2%), compared to 7.5% in Q3'22-Q2'23. EPS will be boosted by lower financing costs and zero taxes in the coming years.

Valuation of the share is at a low level

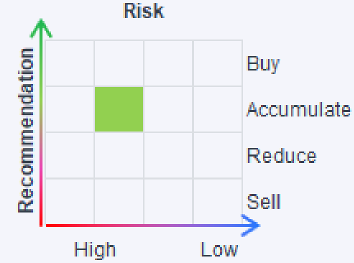
The total expected return on Componenta's share exceeds the 12% return on equity requirement, so the risk-adjusted return is attractive. The multiple discount relative to the median of the peers is higher than the -30% we deem justifiable, and the multiples for the whole peer group are low. The stock's potential to the value indicated by the DCF model is a massive +42%. Overall, the stock offers a clear and justified upside.

Recommendation

Accumulate
(previous -)

3.20 EUR
(previous -)

Share price:
2.73



Key figures

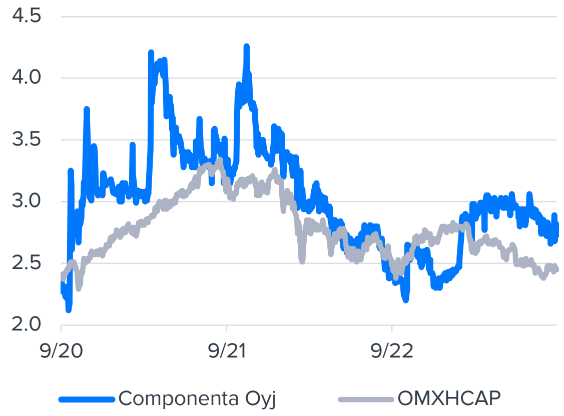
	2022	2023e	2024e	2025e
Revenue	109.1	113.7	115.7	118.5
growth-%	25%	4%	2%	2%
EBIT adj.	1.8	3.6	5.0	5.0
EBIT-% adj.	1.6 %	3.2 %	4.3 %	4.3 %
Net Income	0.1	1.5	3.4	3.6
EPS (adj.)	0.03	0.16	0.35	0.37
P/E (adj.)	90.5	17.2	7.7	7.3
P/B	0.9	1.0	0.9	0.8
Dividend yield-%	0.0 %	0.0 %	3.9 %	5.5 %
EV/EBIT (adj.)	15.7	8.0	5.2	4.8
EV/EBITDA	3.9	3.1	2.5	2.3
EV/S	0.3	0.3	0.2	0.2

Source: Inderes

Guidance (Unchanged)

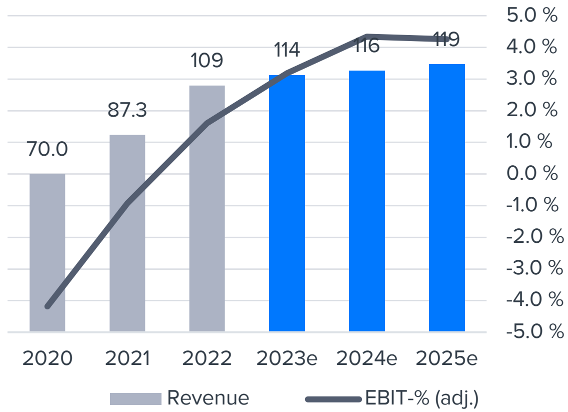
Componenta expects the Group's net sales to be EUR 110-120 million in 2023. EBITDA is expected to improve from the previous year.

Share price



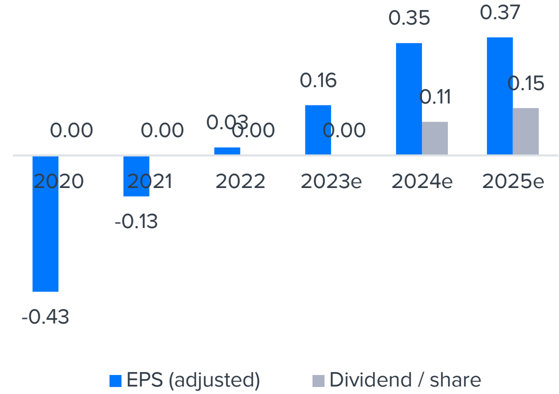
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Customer sector risk highly diversified
- Long-term customer relationships with global OEMs
- Customer-initiated repatriation of supply chains
- Cost changes can be quickly transferred to own prices
- Valuation has a lot of historical baggage

Risk factors

- Traditionally low-margin sector
- Customer sectors individually cyclical
- One big customer dependency

Valuation	2023e	2024e	2025e
Share price	2.73	2.73	2.73
Number of shares, millions	9.71	9.71	9.71
Market cap	27	27	27
EV	29	26	24
P/E (adj.)	17.2	7.7	7.3
P/E	17.2	7.7	7.3
P/B	1.0	0.9	0.8
P/S	0.2	0.2	0.2
EV/Sales	0.3	0.2	0.2
EV/EBITDA	3.1	2.5	2.3
EV/EBIT (adj.)	8.0	5.2	4.8
Payout ratio (%)	0.0 %	30.0 %	40.0 %
Dividend yield-%	0.0 %	3.9 %	5.5 %

Source: Inderes

Contents

Componenta in brief

Componenta manufactures cast and machined metal components as well as forgings, tubular products and sheet metal parts for its customers, who are global vehicle, machinery and equipment manufacturers based in Finland or established in Finland. The main manufacturing units are the foundries in Karkkila and Pori, and the machining service units, forging shop, pipe and material service center in Jyväskylä and South Ostrobothnia, close to the sites of strategic customers. Direct exports account for around 20% of net sales but is actually much higher overall due to the products manufactured by customers.

1820
The Högfors ironworks is established in Karkkila.

1988
The Pori foundry is bought from Rauma-Repola. Componenta's predecessor Santasalo-Vaihteet is listed on the Helsinki Stock Exchange.

2019
Componenta acquires Komas Oy and becomes the leading manufacturer of metal components in Finland.

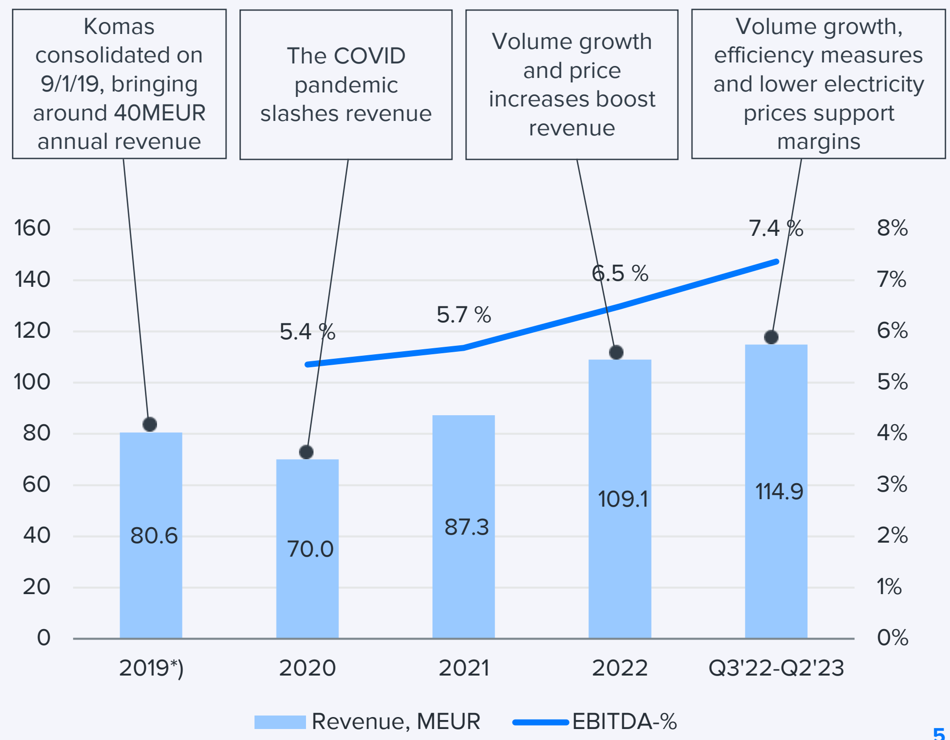
114.9 MEUR **(+17 % y/y)**
Revenue H2'22-H1'23

8.5 MEUR **(7.4% of net sales)**
EBITDA H2'22-H1'23

636
Personnel 6/2023

Main products

Cast components Machined metal components



*) = pro forma

Company description and business model 1/5

Traditions on the foundry side

Componenta is a Finnish technology company that manufactures and supplies cast, machined or non-machined components to its customers, who are local and global vehicle, machinery and equipment manufacturers. Componenta's history dates back to 1820, when the Högfors foundry was established in Karkkila.

A long and colorful history

The ups and downs of internationalization are a key part of Componenta's history. In 1990, Componenta's predecessor JOT Corporation bought the Främmestad machine shop in Sweden. International operations expanded in 2004 with the acquisition of a majority stake in the Dutch foundry De Globe and the Turkish iron and aluminum cast components manufacturer Döktas Dökümcüük Ticaret ve Sanay. The Dutch and Turkish deals made Componenta the second largest independent foundry component company in Europe in 2006. Pro forma net sales at that time was over EUR 600 million and the number of employees exceeded 5,000. However, the profitability of the acquired companies, as well as that of the Group, remained unsatisfactory. The main reasons for this were overcapacity in the foundry sector and Componenta's dependence on the large truck manufacturers, with whom it had a weak negotiating position. In 2016, Componenta's Finnish and Swedish businesses entered a restructuring program and Componenta Netherlands went bankrupt. In 2017, the Turkish business was also sold.

In 2019, Componenta made a significant expansion in the value chain by acquiring Komas Oy and growing into Finland's leading metal component manufacturer. In the same year, Componenta took its current form when its Swedish subsidiary Främmestad AB filed for bankruptcy. Today, the backbone of the Group's business is Componenta Castings Oy, which focuses on foundry operations, and Componenta Manufacturing Oy (formerly Komas), which provides machining, forging, tube and plate services.

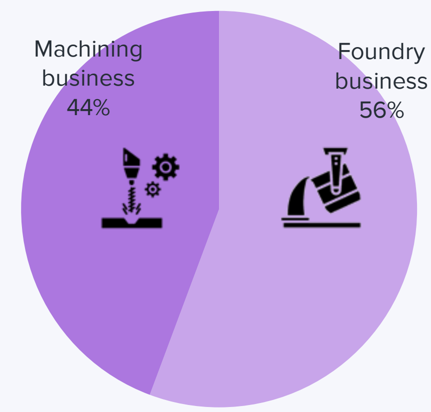
The Komas acquisition was a key extension of the value chain

The argument for the acquisition of Komas was that the expanded range of products and services would improve Componenta's customer service by creating a one-stop shop for industries wishing to purchase cast and machined (i.e. finished) components from a single supplier. Componenta and Komas already had many customers in common at the time of the acquisition.

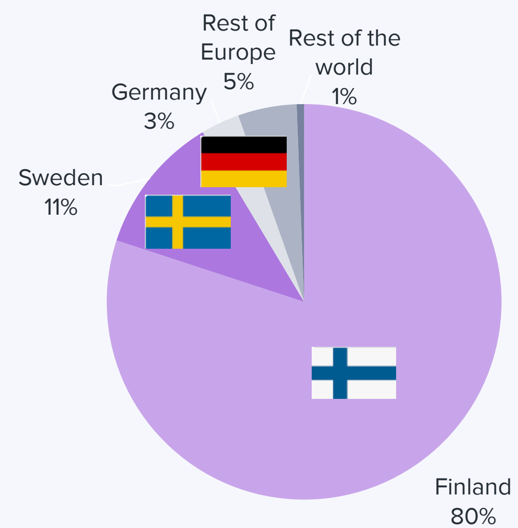
Cast iron at the heart of the product offering

Throughout its history, cast iron has been at the core of Componenta's products. In general, cast iron can be used for pipes, machinery parts, vehicle parts (e.g. cylinder blocks, brake discs, exhaust manifolds) and many applications such as in electric motors, municipal engineering and kitchen utensils. Cast irons are characterized by a carbon content above 2%, well above that of the most common steels (low and medium carbon < 0.6%). The popularity of cast iron as a casting material is due to its

Net sales by business area 2022



Net sales by geography 2022



Source: Financial statements of subsidiaries and Componenta

Company description and business model 2/5

significantly lower melting point than steel. The advantages of cast iron are impact resistance and malleability. In addition, cast iron provides better vibration damping than steel and ensures shape and dimensional stability under temperature variations. The disadvantage compared to steel is inferior weldability.

Wide range of titles, volumes and prices

Componenta's main products manufactured for its customers are cast iron components, non-machined or machined, unpainted or painted, as well as forgings, hydraulic tubes and plate sections. There are thousands of different product titles. This involves a lot of both prototyping and small series production. The number of titles also varies greatly from customer to customer, as the number of cast or machined components in a customer's product range can vary greatly (e.g. elevator vs. tractor). Production volumes for individual products typically range from 1,000 to 10,000 units per year. The price range of the products sold is also very wide, from less than EUR 1/each to EUR 50,000/each. The latter can be, for example, the cylinder block of an engine. In addition to the actual component manufacturing, Componenta's offering also includes product development work together with the customer, as well as product machining, surface treatment and assembly.

Manufacturing know-how starts with casting

The core of Componenta's business lies in its manufacturing expertise, which includes casting. The main steps in the process of manufacturing castings are:

1. **Design, modeling and manufacture** of castings
2. **Mold patterning**, where fresh or furan sand is deposited on top of the patterns inside the loaded rings. After the molds have hardened (approx. 1 h), the rings and sand are removed from the model.
3. **Making a core.** If the casting has a hollow part, a sand core is made for this part. Preparation takes place in a mold box (flask) in the same way as patterning. After the curing period, the finished cores are finished and coated.
4. **Mold assembly**, where the finished mold halves are coated with a refractory coating. The core is placed on the drag (bottom half), and the cope (top half) is placed on the drag and the complete mold is prepared for casting and transported to the casting point.
5. **Melting of raw materials.** The pig iron, the crushed recycled steel and the own circulating metal from the casting process are melted in an induction furnace.
6. **Mold casting.** The molten iron is poured into a casting trough, from where it is poured into molds at the casting point. The casting temperature is usually around 1,300-1,450 °C. Depending on the size and material of the casting, the molds are unloaded between 8 and 60 hours after casting.
7. **Post-processing.** The castings are cleaned with a blasting machine or a blowing robot, after which they are de-molded and finished by grinding. Castings can also be heat-treated and painted if required.
8. **Inspection and customer delivery.** The dimensions and internal tightness of the castings can be checked before delivery to the customer, if necessary. The customer pays the transport costs.

Stages of the casting process

- Manufacture of castings
- Mold patterning
- Making a core
- Mold assembly
- Melting of raw materials
- Mold casting
- Post-processing
- Inspection and customer delivery

Source: Valuatlas.fi

Company description and business model 3/5

The foundry business is highly energy-intensive. Typically, the energy consumption of an iron foundry is around 2 MWh per ton produced.

The foundry industry has undergone two major structural changes in recent decades, one being the gradual unwinding of overcapacity in the sector and the other the outsourcing of foundry operations from in-house operations of large engineering companies to bought services. The global activities of Componenta's main customers and their demands for quality, competence and flexibility in foundry operations have maintained Componenta's position as the number one player in the Finnish foundry industry.

Componenta Castings has two foundries

Componenta currently has two foundries, one in Karkkila and one in Pori. Their main features are set out in the table below.

Componenta's foundries are the largest in Finland and together they account for about 40% of the country's total iron foundry capacity. They are also the only fresh sand foundries in Finland. Fresh sand molding is used for the casting of demanding mass-produced parts, and this is where Componenta aims to differentiate itself.

Componenta Manufacturing's activities are specialized

The table below describes Componenta Manufacturing's sites and their activities. Manufacturing's machining services business is very diversified, and the table shows only part of the range of products and services. We estimate that the existing sites are so specialized, e.g., in terms of machining centers and lathing classes, that a merger would not be justified. The locations are also good for customer contacts.

The key operational parameters for the machining, forging, tube and plate services are:

- **Materials:** Castings; forgings; fittings; structural and engineering steel; carbon and carbon steel; aluminum; galvanized steel pipe; black steel pipe; acid-resistant pipe; high-strength materials; boron steel
- **Products:** Axles; frame structures; brackets and fasteners; covers; bushings; annular products; beams and booms; blocks; gears; rings; discs; molded parts; hydraulic, brake, lubrication and nozzle pipes; welded and brazed tubes; sheet metal parts; machining jigs
- **Other services:** Machining services; sawing; heating; open-die forging and presses; gas and plasma cutting; edging; shot blasting; welding; brazing and heat treatment; washing; bending; fitting; assembly; brazing and 3D measurement.

Componenta Castings Oy	Karkkila	Pori
Capacity ton/year	30,000	18,600
Materials	Spheroidal graphite iron, ADI, gray cast iron	Spheroidal Graphite iron, SSF, gray cast iron
Unit weights, kg	30-350	1-100
Series, pcs/year	100-60,000	100-50000
Heat treatment	ADI, Stress relief ferritization, pearlitizing	Ferritization pearlitizing annealing
Personnel, ca.	220	100

Componenta Manufacturing Oy	Jyväskylä	Härmä	Kurikka	Leppävesi	Sastamala
Operations	Machining, services, material services, (hydraulic pipe manufacturing, forging)	Machining services	Machining services	Material services (disc clips)	Machining services
Example products and services	Hydraulic, brake, lubrication, nozzle, and soldered tubes (tube manufactur-ing), rings, rims, discs and molds (forging)	Demanding parts, precision machining and challenging assemblies	Small metal components, precision machining	Disc clips, machined jigs	Special drilling,, grinding and lathing
Personnel, ca.	120	60	40	25	40

Source: Componenta, Inderes estimates

Company description and business model 4/5

Material sourcing is mainly iron and recycled steel

Componenta's foundries (Castings) mainly purchase pig iron and recycled steel. Pig iron is sourced from a variety of sources, e.g., from China and the Americas. In the past, the CIS countries, including Ukraine, accounted for a reasonable share of the European market for pig iron, but Russia's war of aggression has of course changed the situation. A lot of pig iron is also sourced through steel wholesalers. Another part of the foundries' raw material needs is met by recycled steel. Componenta prefers grades that are generally surplus steel from the processes of steel product manufacturers and not, for example, scrap steel with high levels of impurities. Componenta aims to maximize the share of recycled steel in its foundries, but this is affected by the availability of proper-quality scrap. To ensure basic availability, Componenta has agreements for certain volumes with companies specializing in the recycling of steel scrap.

Componenta Manufacturing's purchases are largely plates, tubes, rods, fastening accessories and e.g., aluminum. Manufacturing sources a significant proportion of its castings internally from Castings, but this is still being optimized at Group level. Componenta can examine on a specification-by-specification basis whether it is worthwhile for a Castings casting to be further processed by Manufacturing itself, or whether it makes more economic sense to sell the casting to a third party and have Manufacturing source the casting it needs elsewhere. We welcome the fact that Componenta's own foundries are also put out to tender within the group.

Most customer industries are cyclical

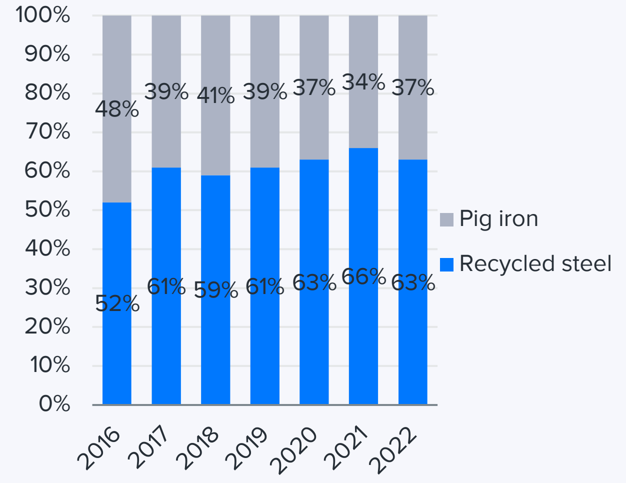
Componenta's main customer groups are mechanical engineering (43% of net sales in Q3'22-Q2'23), agricultural machinery (33%), forest machinery (7%), energy (8%) and defense equipment (3%), with the rest (5%) coming from other industries. The majority of customer industries are cyclical. However, Componenta's own cyclicality is reduced by the following factors: 1) There are many customer industries, and they can also be at different stages of the cycle and 2) Cyclical fluctuations in the energy and defense industries have largely different drivers than the other industries mentioned.

Customers at the forefront of their industries

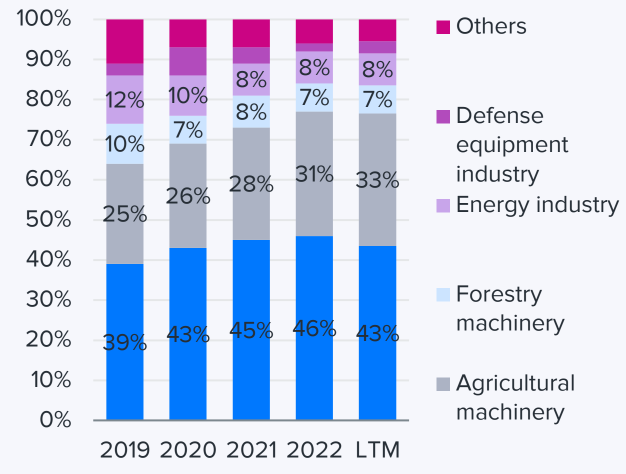
Componenta's Castings and Manufacturing businesses have many common customers, but the number of customers is not disclosed. Componenta has a three-digit number of customers, but the company has not given any further indication. The customers are, to a large extent, globally leading engineering companies in their respective industries with significant manufacturing operations in Finland.

Componenta does not disclose the names of its main customers. However, KONE, Wärtsilä and AGCO, among others, were mentioned as representatives of client industries in the 2014 CMD materials. Since all these companies still have manufacturing operations in Finland (KONE in Hyvinkää, Wärtsilä in Vaasa and AGCO in Suolahti and Linnavuori) and since Componenta says it has not lost any customers,

Raw material use in the Group's foundries



Net sales shares of customer industries



Source: Componenta

Company description and business model 5/5

we believe that these companies will continue to be key customers. In addition, according to public sources, Cargotec was already a customer of Komas and we believe that Cargotec is also on Componenta's customer list. Our general understanding is that practically all the Finnish units of the machinery companies on the main list of Nasdaq Helsinki are Componenta's customers. However, we estimate that the largest single customer (27% of turnover in 2022) is not Finnish.

Old and deep supplier relationships

According to Componenta, the customer's choice of supplier is determined not only by competence but also by the traditional criteria of quality, reliability and speed of delivery, as well as price. Componenta's key customer relationships go back decades and customer loyalty is strong. Although Componenta has not lost any customers, it has disengaged from some of those with whom cooperation has not been in line with its objectives, e.g., through pricing. The basic service also includes joint product development work on the manufacturability of products, involving consultancy and prototyping. For many individual titles, Componenta is the customer's sole supplier.

Customers repatriate their supply chains

Componenta said in its H1'23 report that the company's customers are increasingly signaling their intentions to repatriate production chains closer to Europe and neighboring regions to improve operations from both a risk management and sustainability perspective. Among potential customers, Konecranes mentions this on its IR website, but it is still difficult to assess the impact of the trend on Componenta as a whole.

Contracts hedge against cost risks

Supply contracts cover volumes, quality, delivery times and prices. Componenta has some frame agreements with its customers and in some cases, capacity can be reserved for a customer up to a certain base load. However, practices vary from client to client. In some contracts Componenta has direct access to the customer's production plans, but in many cases the forecasts provided are much looser. Componenta's own capacity planning is based on a forecast of customers' production prospects for the next 12 months, updated once a month. Componenta does not maintain trading stocks, and in the face of fluctuations in customer demand, the company's flexibility and speed of delivery are key competitive advantages.

Componenta's pricing is in principle cost-based, plus a target margin (cost-plus pricing). The size of the margin depends on the product, the customer and the competitive situation. Almost all Componenta's supply contracts currently contain price escalation clauses related to market prices of raw materials and energy (electricity), which take effect with a delay of one quarter. Thus, Componenta is quite well hedged against the main cost risks related to production inputs.

Our assessment of key customers:

AGCO

WÄRTSILÄ

KONE

CARGOTEC

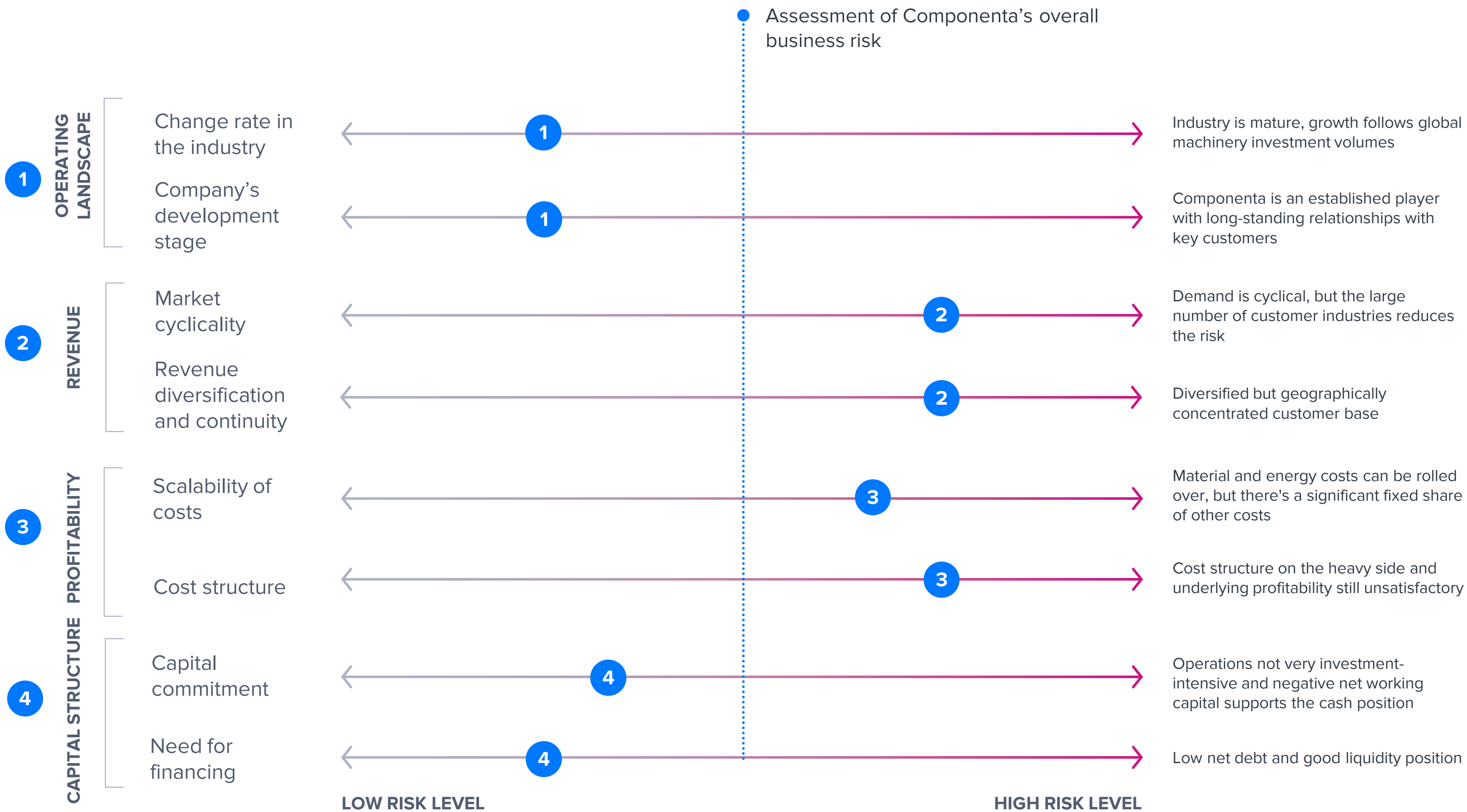
Possible other customers:

KONECRANES

metso

PONSSE

Risk profile of the business model



Source: Inderes

Investment profile 1/2

Profile clarification underway

Componenta is a traditional industrial company with a long history, an established position and customer base (at least in Finland) and improving profitability following restructuring and strategic orientation. However, the company's position in the eyes of investors has been weighed down by the failure of its aggressive internationalization in the past and the subsequent restructuring, the cyclical nature of the company and the industry, historically low profitability and image of a weak bargaining position vis-à-vis its customers. However, the restructuring that has been carried out and the progress in the value chain with the acquisition of Komas, the broadening of the customer base, the increased flexibility of the cost structure and the evidence of improved profitability are factors that make Componenta attractive to investors in many respects. The following are what we consider to be the key positive and negative value drivers for the coming years.

Positive value drivers

The strategy has proven its effectiveness: Componenta's divestments, the acquisition of Komas, the focus on short production runs and flexibility, and the move away from highly competitive truck manufacturing have led to a significant improvement in the company's financial performance.

Strong customer references: Almost all large machineries with manufacturing operations in Finland are Componenta's customers. Customers are very demanding, which is a testament to Componenta's service capability. At the same time, their threshold to switch from Componenta to another supplier is high. Componenta also aims to achieve significant growth by offering new products and services to existing customers. Further growth in existing customers is also possible as the customer repatriates its supply chain, i.e., by physically moving purchases closer to lower-risk and more sustainable areas.

The cost structure has become more flexible: If all operational cost items other than material and supplies, external services, rented labor, energy costs and production tools are fixed in the short term, Componenta's share of fixed costs in total costs has fallen from 51% in 2020 to 39% today. In addition, Componenta has indexed both material and energy costs in the pricing of its supply contracts, so that sales prices react to these costs with a lag of only one quarter.

Low tax rates in the coming years: We estimate that Componenta's deductible losses in recent years keep the group's tax rate close to zero at least for the years 2023-2026.

Growth potential through acquisitions: Inorganic growth is part of Componenta's current strategy. The acquisition criteria include a good fit with the current strategy, the customers to be acquired and the geographical perspective (e.g. Sweden).

Balance sheet in shape: The Group's net gearing ratio was only 7% and the net debt to EBITDA ratio was 0.2x at the end of Q2'23.

Negative value drivers and risks

Historical baggage in the investor mindset: Componenta still has some work to do in correcting the investor perception of the aggressive internationalization of the early 2000s and the subsequent losses and restructuring.

Market cyclicality: Componenta's customer sectors represent the investment goods industry, which is cyclical in nature. However, the cycles may offset each other in some respects.

Individual customer risks are high: Componenta's largest single customer accounted for 27% of the Group's net sales in 2022.

Low underlying profitability: Even in its current form, Componenta's underlying profitability has been low: the EBITDA margin in 2020-Q2'23 was between 5.4% and 7.5% and the EBIT margin between -2.9% and +2.6%. Therefore, the result can easily turn into a loss if demand falls rapidly.

Non-disclosure of financial targets: This fact maintains uncertainty among investors as to what kind of economic development the company is aiming for and what it believes in.

The liquidity of the stock is thin: From September 2022 to August 2023, the stock had a relatively low liquidity of 32%. This is causing some institutional investors to shy away from the stock, as it is challenging to buy and sell in bulk.

Investment profile 2/2

1. **The focus has shifted from mass products to a more tailored offering**

2. **Customer references are helpful**

3. **Profitability and flexibility of cost structure clearly improved since last year**

4. **The market is cyclical**

5. **Underlying profitability is low across the industry**

Potential

- Increasing the range of products and services offered in existing customers
- New sales potential resulting from possible localization of the customer's supply chain
- Strong customer references make it easier to find new customers
- Increase in the level of underlying profitability made possible by a flexible cost structure
- Selected acquisitions in neighboring regions

Risks

- Market cyclicality
- Large single customer risk
- Still relatively low underlying profitability, meaning that the result can easily turn into a loss in the face of rapidly declining demand
- The liquidity of the stock is quite thin, which discourages institutional investors

Source: Inderes

Componenta's strategy

The strategy period is coming to an end

Componenta's current strategy period covers the years 2019-2023, which means that it is coming to an end. The preparation of a new strategy for 2024-2026 is underway.

At the heart of the current strategy is the objective of being the preferred total supplier to customers, serving a wide range of services. The key components of the strategy and their contents are:

Customer-driven profitable growth: While the "old" Componenta was remarkably technology-driven and narrow in its product offering, the current strategy is to better understand the real needs of the customer. The offering will not be limited to in-house units, but can be supplemented by subcontracting, while Componenta's share of the customer's procurement ("share of wallet") will be increased.

Inorganic growth: The company is active in M&A as the "new Componenta" and the strengthened balance sheet create better conditions for acquisitions. The most important thing is the ability of the target to serve Componenta's existing and new customers.

Improving competitiveness: Consists of a series of programs to improve productivity and quality. Sticking to the investment plan is key to achieving the targets.

Expanding the offering: The offering is growing mainly through the subcontracting chain, but also through targeted acquisitions. The key is the ability to respond to verified (new) customer needs.

Developing staff and management: The program focuses on the day-to-day management skills of the management, for which training will be provided. Sub-areas include environmental, health, performance and safety management.

Financial targets have not been published

Componenta has not disclosed its financial targets. This has been justified by divestment and restructuring programs in recent years and weak economic performance. However, Componenta does not rule out publishing financial targets in the future.

Evaluation of strategy not very meaningful now, publication of financial targets needed

With the strategy period coming to an end and before a new one is announced, there is little point in evaluating it. However, the implementation of the old strategy has been quite successful in the light of financial development.

We expect the new strategy, which has not yet been published, to be more concrete on the components of growth (offering, new customers, geographic expansion, acquisitions) and ways to improve profitability. In particular, however, we hope that the company will announce its financial targets in the near future. With the balance sheet already in good shape and the growth target possibly being vague (e.g. "outperforming the market"), we are particularly focused on the profitability target and dividend policy. Given Componenta's position in the value chain and its strong customers, the announcement of a profitability target can be a sensitive issue. However, we believe that targets such as >10% EBITDA margin target and/or >5% EBIT margin target over the cycle would be levels that would not yet trigger a more significant reaction from key customers.

Cornerstones of the 2019-2023 strategy

- Customer-driven profitable growth
- Inorganic growth
- Improving competitiveness
- Expanding the offering
- Developing staff and management

Source: Componenta

Industry and competitive field 1/3

The foundry market is large and fragmented

The foundry industry is a mature and highly fragmented industry that is active all over the world. According to the World Foundry Organization (WFO), more than 45,000 foundries worldwide produced 113 million tons of castings in 2021. China accounted for around 44% of this amount, India 12%, Europe 15% and the US 10%. About 70% of the castings were from Componenta's segment, i.e., iron castings, about 10% steel castings and the remaining 20% non-ferritic metals such as copper and aluminum castings. In Europe too, the industry is highly fragmented. According to the European Foundry Association (CAEF), Europe has 6,000 foundries with a combined production value of around EUR 41 billion in 2021, of which iron and steel foundries accounted for EUR 20 billion. Of these 6,000 foundries, 70% have fewer than 50 employees. Indeed, a key feature of the sector is its local or regional character and its focus on local customers.

Customer relationships and close location are key

While there are clear economies of scale in foundry operations, the individuality of customer needs in terms of casting characteristics and flexibility / speed of delivery makes economies of scale rather insignificant. In the industry, the importance of close customer relationships and cooperation, quality and competence, as well as security of supply, is therefore in most cases more important than the ability to produce at the lowest operational cost. As the average value of castings per unit weight is relatively low, transport costs also play a significant role. Therefore, the location of the foundry reasonably close to the customer is a clear competitive advantage. Although there are some imports of foundry products from Central and Southern Europe and even Turkey, Componenta practically limits its target market to the Baltic Sea region and northern mainland Europe.

Castings market to grow by a good 3% over the next few years

The development of the foundry market naturally follows the development of the customer market. These are investment goods, the demand for which is clearly affected by, e.g., higher interest rates. As a result, recent forecasts for market development in some of Componenta's end-customer sectors seem optimistic: Grand View Research forecasts volume growth in the global tractor market to average as much as +6.9% p.a. between 2023 and 2030 and nominal growth in the global lift market of +6.4% p.a. over the same period. In addition, Mordor Intelligence forecasts nominal growth of +5.0% p.a. for the global forest machinery market between 2023 and 2028. Compared to these figures, the Conference Board's August 2023 expectation of global GDP growth of only +2.6% p.a. in real terms between 2023 and 2029 is low.

Since a detailed forecast of the development of the end-customer market for foundry products and its various sub-segments would be very laborious, we have estimated the market for foundry products on the basis of more general drivers. We consider Europe to be by far the most important market for Componenta's Finnish customers. In Bloomberg's consensus forecasts, combined EU and UK real GDP growth, industrial output growth and real investment growth all average around 1% p.a. or slightly below between 2023 and 2025. Average inflation for the same area for 2023-2025 is expected to be just over +3% p.a.

Key figures for the foundry industry

Number of foundries

- ~45,000 globally, of which 80% are iron and steel foundries
- 6000 in Europe, of which 45% are iron and steel foundries
- 30 in Finland, of which 15 iron and steel foundries

Value of iron and steel foundry output 2021

- Global EUR 123 billion
- Europe EUR 20 billion
- Finland EUR 0.15 billion

Source: Global Market Insights, WFO, CAEF, SVY

Industry and competitive field 2/3

However, inflation is expected to slow to around +2% between 2024 and 2025. Taking all these factors into account, we estimate nominal growth in Componenta's main end-customer market to be a good +3% p.a. in our estimate period 2023-2026. In our view, this also provides a sufficient approximation for growth in the castings market over the period.

Machining services are a large, diversified and growing sector

Componenta’s other main segment, machining services, is still much more fragmented than foundry operations. Machining services are similarly global, and the investment required to start up and maintain operations is significantly lower than in foundries.

The largest global customer industries for engineering services are the automotive, engineering, aerospace, shipbuilding, railway, defense equipment, energy, healthcare and consumer products industries. The global size of the industry is estimated at around EUR 340 billion (source: Precedence Research) and around EUR 90 billion in the EU (source: IBIS World), making it clearly larger than the foundry industry. According to IBIS, there are more than 127,000 companies in the sector in the EU alone, employing around 715,000 people, so the average number of employees in companies is only six. In Finland, a total of 1,886 companies operated under the industry code "Treatment of metals“ in 2021. The sector's turnover was EUR 2.9 billion and the average number of employees was seven. The large number of companies in the sector is further explained by the wide scope of the definition and the number of different machining processes (e.g. turning, milling, grinding, drilling, boring and CNC machining).

Forecasts for growth in the global market for machining services (and the machine tool market that acts as an indicator) between 2023 and 2030 are generally +4...+5% p.a. (e.g. Technavio, Grand View Research, Polaris Market Research). Demand for services is driven not only by gradually recovering investment demand, but also by increasing demand for precision components in general and the demand for new types of components created by the green transition (solar and wind power plants, ammonia and hydrogen engines, electric cars).

Competition is regional

In both foundry and machined products, competition is largely local or regional due to very high requirements in terms of flexibility, delivery times and otherwise close contact with customers. Since competition therefore generally means competition for customers in a given area, monitoring market share at national or continental level is not a very meaningful measure of competitive position.

A comparison with other companies in the sector is further complicated by the fact that Componenta has no direct competitor with a similar offering. Componenta's main competitors therefore consist of two groups of companies, 1) foundry companies and 2) machining services companies, both of which are mainly Finnish, Swedish and German. We have compared the growth and profitability profiles of competitors / peer companies to Componenta and the results are presented on the next page.

Key figures for the machining services sector

Number of companies

- 127,000 in Europe, with an average of 6 employees
- ~1,900 in Finland, with an average of 7 employees

Industry turnover 2021, 2022

- Global EUR 340 billion
- EU EUR 90 billion
- Finland EUR 2.9 billion

Source: Precedence Research, IBIS World, Statistics Finland

Industry and competitive field 3/3

A comparison of Componenta's longer-term historical performance with other companies is complicated by the fundamental restructuring (described above) that the company has undergone. The restructuring has mainly affected the Castings business, which went through a tough divestment and restructuring program in 2016-2019. As historical pro forma figures for Castings have not been available to us, we have only been able to eliminate the most significant one-off items from the 2016-2017 results.

The main findings on the companies and segments in Componenta's division are as follows:

- The median turnover of the peer companies in different years is around EUR 20-40 million for foundry companies and around EUR 60-80 million for machining service companies. Thus, their size is well suited for comparison with Componenta Castings and Componenta Manufacturing. Of course, there can be significant differences in products, customer groups, business models and performance drivers between peer companies.
- The median growth rate (CAGR) of the foundry industry from 2016 to 2022 was 3%, which is in line with our industry growth estimate above. Due to structural changes, a similar figure cannot be calculated for Componenta Castings.
- For the same period, the median growth rate (CAGR) for machining services companies was 4-5% and for Componenta Manufacturing 8% p.a., which is a positive signal of the competitiveness of the business.
- The EBIT margin of machining services companies has been on a clear upward trend even since before the pandemic, while the median margin of foundries has been stuck at 2-4%. Foundries have been plagued by overcapacity and fierce price competition in the sector, high customer bargaining power in some segments (e.g. heavy trucks) and low value added in the contract manufacturing sector. The profitability gap with machining service companies reflects the latter's ability to specialize, but this is more difficult for foundries.
- The structurally low profitability of the foundries should curb further price competition.
- Componenta's profitability has traditionally been below the median of its peers, but the restructuring that has been implemented has clearly helped to close the gap after 2019.

Componenta's competitive position is strong

Overall, we believe that Componenta's competitive position is strong. The company's client base is diverse, and its main clients represent the leading players in their field. In foundry operations, Componenta specializes in short and medium production runs, giving customers the flexibility that they need. In machining services, the company's service offerings and expertise are diverse. Our summary of Componenta's competitive position is as follows:

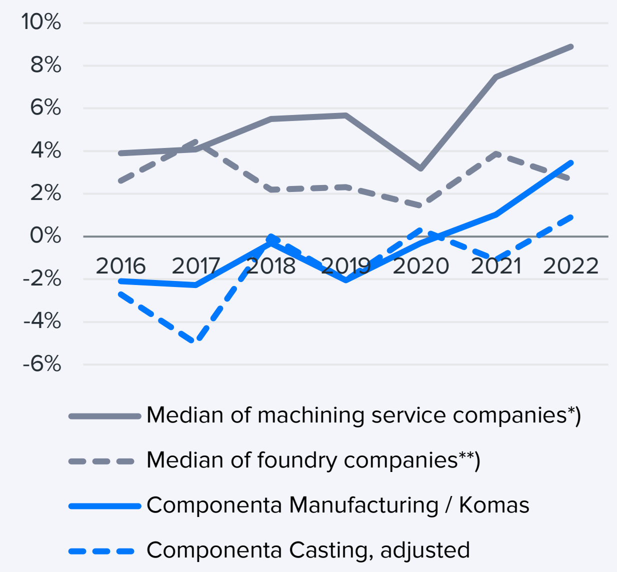
Strengths:

+ High-profile customers and know-how acquired through customer relationships
+ Service excellence (wide range of products, ability to deliver flexibly and quickly, simplicity created by long-standing customer relationships)

Weaknesses:

– Level of automation not up to the level of some competitors
– Personnel costs higher than in e.g. Eastern Europe

EBIT margin of Componenta's main businesses relative to peers



\) OSTP Finland Oy, HT Laser Oy, Suomen Vesileikkaus Oy, Leden Finland Oy, Ferrum Steel Oy, Leax Group AB, Sibbhultsverken Group AB, Georg Fischer Machining Solutions

***) Suomivalimo Oy, LeinoCast Oy, Peiron Oy, Ulefos Oy, Uudenkaupungin Rautavalimo Oy, Arvika Gjuteri AB, Baettr Guldsmedshyttan AB, Åkers Sweden AB, Gießerei Heunisch GmbH, Industrie Holding Isselburg GmbH, Georg Fischer Castings Solutions*

Source: Companies, edited by Inderes

Financial position 1/2

Paying off restructuring debts relieved the Group of a heavy burden

The history of the new Componenta really only starts in August 2019, when Komas Oy (now Componenta Manufacturing Oy) was acquired. At that time, however, the restructuring programs of the parent company Componenta Plc and the subsidiary Componenta Castings Oy were still ongoing, and the Group's external restructuring liabilities amounted to EUR 12.3 million at the end of 2019. In November-December 2020, Componenta completed a rights issue raising gross proceeds of EUR 9.5 million. The purpose of the issue was the early repayment of the restructuring debt in 2021. Componenta Plc paid the EUR 5.9 million restructuring debt in March 2021 and the parent company's restructuring program ended in April 2021. Similarly, Componenta Castings Oy paid off EUR 5.6 million in restructuring debts in October 2021 and the company's restructuring program ended in the same month. Thus, all of Componenta Group's restructuring program ended during 2021.

Growth has been among the best in the industry

Due to the structural changes that have taken place, it is difficult to assess the Componenta Group's comparable growth over a longer period. Among the Group companies, the structure of Componenta Manufacturing / Komas has remained unchanged since 2018 and the average growth rate of the company's net sales in 2019-2022 was a rather modest +3% p.a. This development was of course influenced by the COVID pandemic. However, the pandemic had little impact on the development of Componenta Castings' net sales and the growth rate was +13% p.a. Growth was supported by both volume and price factors. Based on figures gathered from various sources, our estimate for the current Componenta Group's net sales growth for the period 2019-2022 is +7% p.a., which we consider a good achievement in a challenging operating environment.

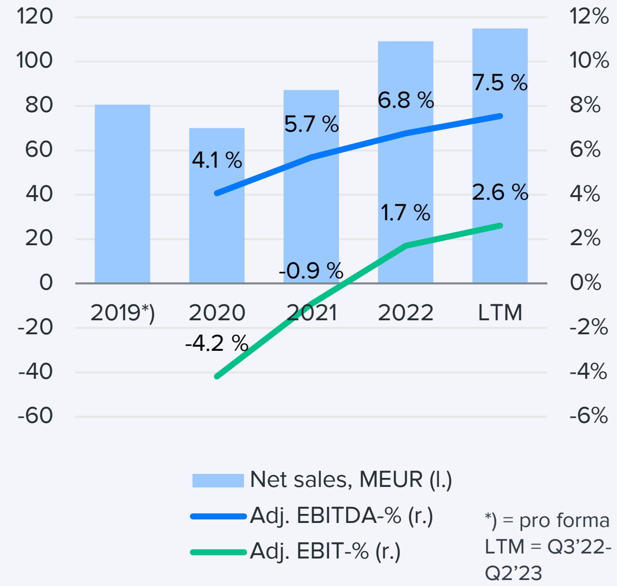
Profitability requires volumes

As noted in the Industry and competitive landscape section, profitability in the foundry sector in particular has historically been low. Componenta Group's profitability has also been low for a long time, but the recent trend has been positive. In particular, the EBITDA margin is approaching a satisfactory level given the nature of the industry. It should be noted that Componenta's depreciation is about 5% of net sales, which is about 2.5 percentage points higher than the median for listed Finnish engineering companies. Therefore, EBITDA may be a better indicator than EBIT when looking at Componenta's operational profitability and comparing it with engineering companies.

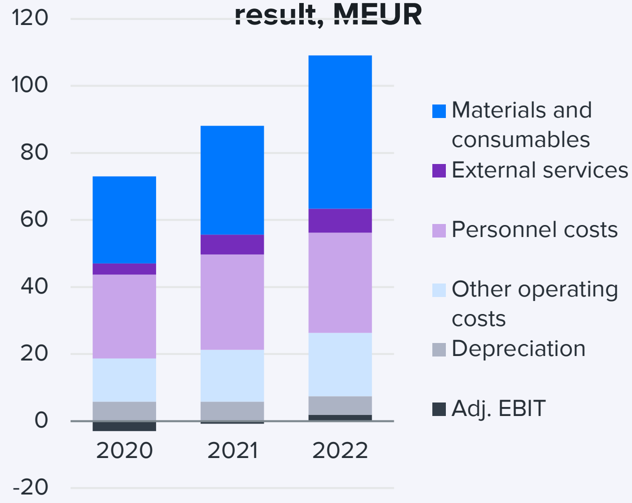
Volume growth and own efficiency measures have had the biggest impact on Componenta's improved profitability, but the content and impact of the latter of the two have not been identified. Although Componenta's supply contracts include clauses on passing on changes in both material and electricity prices to the Group's own sales prices, the change occurs with a quarterly lag and at a ratio of 1:1, so when costs are rising this has a negative impact on margins.

Although the share of fixed costs has clearly decreased as described earlier, it is still significant (39%). This combined with the still relatively low level of profitability means that the company's EBIT would easily fall into the red if net sales fell sharply. However, in addition to the flexibility provided by temporary rented labor, the Finnish temporary layoff practice

Revenue and profitability 2019-Q2'23



Net sales distribution between costs and result, MEUR



Source: Componenta, edited by Inderes

Financial position 2/2

also offers flexibility in such situations, in contrast to foreign comparison companies.

Interest rates still high

Componenta's net interest-bearing debt is small (4.8 MEUR at 12/31/2022 and 1.8 MEUR at 6/30/2023). Despite this, net financial expenses are high; in Q3'22-Q2'23 about EUR -2.1 million. On an annual level, expenses are increased by interest on lease liabilities (about -0.5 MEUR), interest on factoring financing (estimated at -0.6 to -0.7 MEUR) and fees on financial liabilities, including credit lines (-0.3 to -0.4 MEUR). Nevertheless, we believe that the interest rate on actual bank loans may be above 7%. The loans have financial covenants, but Componenta indicates that the headroom on the covenants is currently substantial. We believe that the margins on new loans raised through refinancing will be lower than in the past.

Confirmed losses keep taxes low

At the end of 2022, Componenta had a total of EUR 77.5 million of unrecognized losses that will expire in 2023 or beyond. Receivables have apparently been left unrecorded for reasons of prudence. Both of the Group's main subsidiaries (Componenta Castings Oy and Componenta Manufacturing Oy) have significant confirmed losses. Based on the expiration schedule and our estimates, they can be used at least between 2023 and 2027, and the taxes payable by the Group will remain low. We will come back to this in the Estimates section.

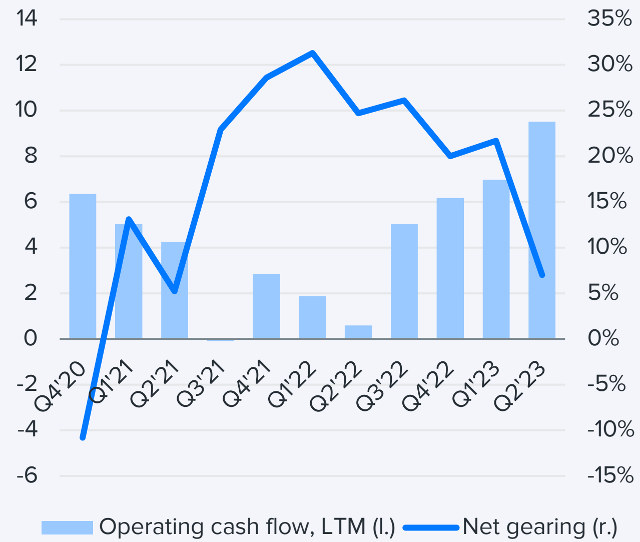
Stronger cash flow and balance sheet would allow for additional debt

Componenta's rolling 12-month cash flow decreased significantly in Q3'21-Q2'22, as the 2020 COVID-caused payment schedule freezes expired and supply chain difficulties significantly increased net working capital. However, improved profitability and the normalization of net working capital have clearly improved cash flow since Q2'22. The Group has used factoring throughout the period, but the amount has not been disclosed. Based on factoring costs, there has not been a big change in the number for the last two years.

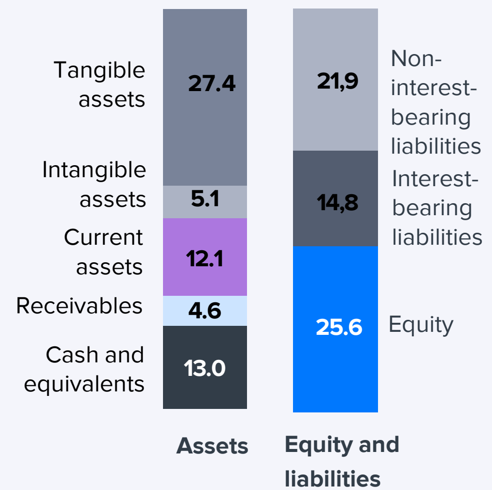
Even after factoring, Componenta's consolidated balance sheet is in strong shape. In our view, the low share of intangible assets in long-term assets is positive for possible impairment testing.

Thanks to the improved cash flow, the Group's net gearing has clearly decreased and was only 7% at the end of Q2'23. At the same time, the company's net debt-to-EBITDA ratio was only 0.2x. We estimate that in the current situation Componenta could afford an additional EUR 20 million in debt, e.g. for acquisitions, as even then net debt-to-EBITDA would still be a very reasonable 2.5x.

Cash flow (MEUR) and gearing



Balance sheet structure Q2'23, MEUR



Source: Componenta, edited by Inderes

Estimates 1/4

Background assumptions of net sales estimate

Given the regional/local nature of the foundry and machining industries and the fact that a reasonable distance to the customer's plant is often a direct prerequisite for doing business, it is not meaningful to forecast the turnover of a single company such as Componenta on the basis of either macroeconomic forecasts or forecasts for the foundry and machining industries. We believe that the best starting point is the information available on Componenta's customers and customer industries.

For Componenta's either known, assumed or potential customers, we have selected the following forecasts as indicators of the development of turnover:

- AGCO's tractor turnover for 2023-2026 (Bloomberg consensus 8/22/2023), reflecting Componenta's turnover from its agricultural machinery business;
- Equipment turnover for Cargotec, KONE, Konecranes, Metso, Wärtsilä (excl. energy storage) and Ponsse in 2023-2026 (Inderes' current estimates), reflecting Componenta's turnover from its mechanical engineering and forestry machinery businesses;
- Our estimate for Componenta's net sales growth in the energy industry for 2026-2026 is +4% p.a. and for the defense equipment industry +9% p.a. for 2023-2026. The latter increase is influenced by a planned EUR 1.5 billion increase in defense spending (excl. HX-35 and Squadron 2020) in 2023-2026;
- Our estimate for Componenta's net sales growth from other industries in 2023-2026 is -1% p.a. We have wanted to take a cautious stance on demand from this customer group given the general weakness of the economic outlook.

In our estimates, we have not considered a possible change in Componenta's supplier position among existing customers, significant new customer wins or acquisitions.

Over the estimate period, net sales growth from all other customer groups except defense equipment and "others" will remain in the range of 3-5% p.a. Consequently, the share of net sales accounted for by different customer groups will not change significantly over the estimate period.

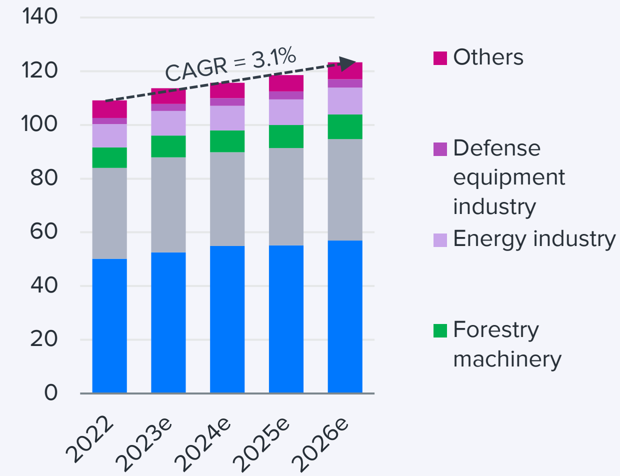
Based on the above, Componenta's CAGR for 2023-2026 is +3.1% p.a. The relatively slow growth is influenced by the fact that, among the items passed on to customer prices, both pig iron and electricity prices will be lower in the estimate period than they were on average in 2022. Overall, our net sales estimate is conservative.

Background assumptions of profitability estimate

Our main assumptions regarding Componenta's performance are as follows:

- Due to the indexations made, the share of material, supplies and goods costs in net sales remains at 41.5% over the estimate period;

Net sales by customer group, MEUR



Source: Componenta, estimates by Inderes

Estimates 2/4

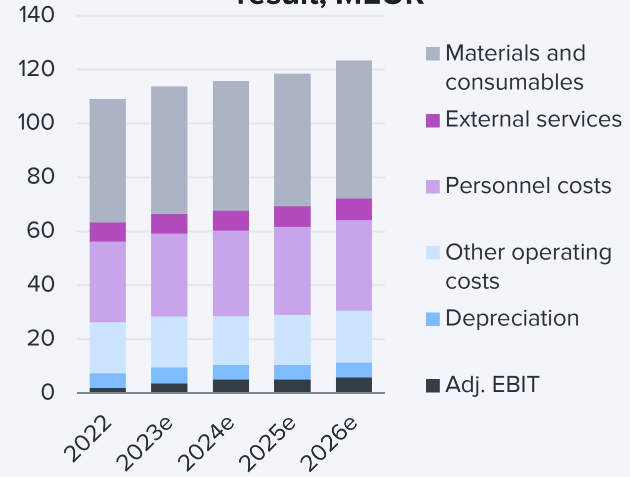
- The share of external service costs (incl. production subcontracting services such as painting, surface and heat treatment of products) is also stable at 6.5% of net sales;
- Personnel costs per person increase by 3.5% y/y in 2023, 3.0% y/y in 2024 and 2.5% y/y in 2025 and 2026. Net sales per person will grow at about the same pace as wage costs, so the share of personnel costs in net sales will be 27.0-27.5% over the estimate period;
- As the net sales growth is rather slow, the share of other operating expenses (e.g. rents, IT, maintenance costs, production tools) does not change much with the operational lever. The exception is energy costs, which we estimate to decline from around EUR 7-8 million to below EUR 5 million. Although the price escalation clause also reduces net sales, it still has a clear positive impact on the share of other operating expenses. We estimate the share to decrease from 17.6% in 2022 to 17.0%-15.7% in 2023-2026.
- Componenta has no significant new investment needs. We expect investments to be only slightly higher than depreciation and depreciation as a share of net sales to fall from 5.1% in 2022 to 4.4% in 2026 over the estimate period.
- We believe that the refinancing of Componenta's existing loans will be on more favorable terms. However, we expect Componenta's interest rate on its loans in 2024-2026 to remain at a relatively high level of 5.0-6.0%, and we have used the same assumption for the interest rate on lease liabilities. We estimate that the total annual cost of sold receivables and other fees will be around EUR -0.8...-0.9 million.
- Although a significant part of Componenta's old deductible losses will expire in 2023-2025, we expect the group to be able to use the losses efficiently in 2023-2026. The use of Group relief also allows for tax optimization. As a result, we forecast a consolidated tax rate of 0% in the years mentioned. We forecast the tax rate to rise to 1% in 2027 and to the normal 20% from 2028 onwards.

Cash flow and balance sheet position

Over the forecast period, investments will increase from EUR 5.9 million in 2023 to EUR 6.6 million in 2026 and will mainly consist of replacement investments. Investments exceed depreciation by 1-21% throughout the estimate period. The working capital turnover rate in the estimate period will remain at the 2021-2022 level, and as we assume that Componenta will continue factoring its trade receivables, the Group's net working capital will also remain negative throughout the estimate period. Add to this a positive profitability development and investments that remain reasonable, and the Group's cash flow in 2023-2026 will be positive by EUR 4-5 million also after investments.

Componenta does not have a published dividend policy, but we believe that the company would like to become a dividend payer as soon as possible. We expect the company to start with a moderate payout ratio of 30% of earnings in 2024, rising to 40% in 2025 and 45% in 2026.

As cash flow after investments remains clearly positive over the estimate period, the balance sheet is clearly strengthened in our estimate. The Group's net



Source: Componenta, estimates by Inderes

Estimates 3/4

gearing is already low at the outset and will turn negative in 2024. Componenta's options to unwind its "overly strong" balance sheet are investments in organic growth, acquisition(s) or a very generous dividend policy. This is of course a positive problem, but the cyclical nature of the industry and the company's own history ensure that no major strategic risks are taken and that a decent buffer is left on the balance sheet for weaker cycles.

Estimates for 2023

Componenta's H1'23 performance was good. Net sales grew +11% y/y and EBITDA increased to EUR 5.4 million (3.8 MEUR) and the corresponding margin improved to 9.0% (7.0%). The net sales development was particularly strong in the agricultural machinery segment (25% y/y), while net sales in mechanical engineering fell by -1% y/y. Profitability in H1'23 was supported by volume growth and flat electricity prices, although the industry wage settlement continued to put cost pressure.

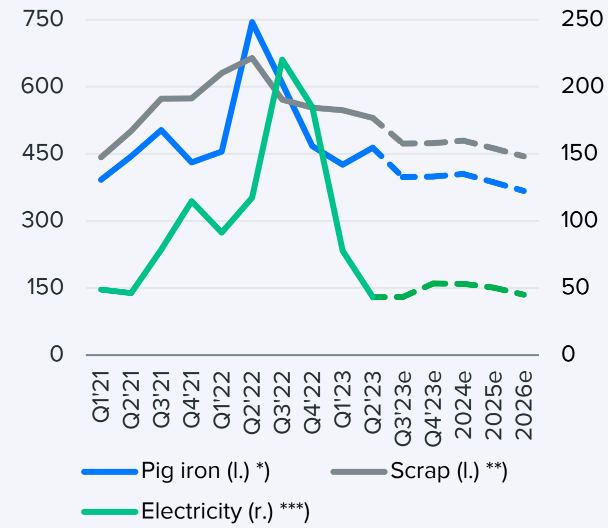
Componenta still guided for full-year 2023 sales of EUR 110-120 million, which implies a rather wide -9% to +9% year-on-year change in sales for H2'23. EBITDA for the full year 2023 is expected to improve from EUR 7.1 million in 2022 (margin 6.5%). This in turn means that the lower limit for the EBITDA margin of H2'23 is just under EUR 1.7 million, i.e., very conservative. However, no upper limit was set for the 2023 EBITDA guidance, so the lower limit only describes a situation where a market disruption has affected profitability. At the same time, it should be remembered that Componenta's EBITDA is quite heavily H1-weighted due to customers' and Componenta's own maintenance shutdowns that mainly take place during the summer holiday period. In addition, the year-end holiday period and customers' possible inventory optimization will affect volume development and profitability. In 2021-2022, 54-66% of Componenta's EBITDA was generated in H1.

Our estimate for equipment sales growth of the Finnish engineering companies that we expect to be Componenta's main customers in H2'23 is 3% year-on-year on average. However, there is a large variation between companies, from -5% y/y for KONE to +27% y/y for Wärtsilä. The consensus forecast for AGCO's tractor sales change for H2'23 in euros is around -4% y/y. Taking into account these factors and the elevated risks in the operating environment, our own estimate for Componenta's H2'23 net sales change is -2% y/y. For the full year 2023, net sales will therefore be just under EUR 114 million (+4% y/y), which is slightly below the mid-point of the guidance range.

Our estimate for H2'23 EBITDA is EUR 4.1 million (H2'22: 3.3 MEUR) and the corresponding margin is 7.6% (6.0%). Although the company does not gain operating leverage from the growth compared to H2'22, the significantly lower prices of pig iron, scrap and electricity will support margins. Although the prices of these inputs affect customer prices, a fall in these prices has a positive margin effect as the prices are rolled at a ratio of 1:1. Our EBITDA estimate for the full year 2023 is therefore EUR 9.5 million, 34% higher than in 2022. Our expectation for H2'23 EBIT is EUR 1.1 million (H2'22: 0.5 MEUR) and a margin of 2.1% (0.9%).

Our estimate for Componenta's full-year net financial expenses is EUR -2.1 million, compared to EUR -1.1 million in H1'23 and EUR -1.7 million for the full year 2022. Increased factoring costs play a significant role in the current year's increase in financing costs. In line with the background assumptions presented earlier,

Materials and electricity prices



*) pig iron FOB Brasilia, EUR/tn **) CAEF scrap monitoring 8/23, EUR/tn
***) Nord Pool Finland, EUR/MWh

Source: Bloomberg, CAEF, Nord Pool, Estimates Nasdaq and Inderes

Estimates 4/4

we expect that the group will not recognize taxes in its income statement in 2023. Our estimate for adjusted EPS (EUR 0.16) represents a significant improvement from 2022 (EUR 0.01). However, we do not anticipate that the board will propose a dividend.

Estimates for 2024-2026

In line with the underlying assumptions that we have presented earlier, we expect Componenta's net sales to grow by about +2% y/y in both 2024 and 2025 before growth accelerates to +4% y/y in 2026. With a couple of exceptions, the volume development of the main customers is expected to be rather modest over the estimate period, and Componenta's reported net sales development will also be affected by the declining price development of materials and electricity, as previously reported.

The improved flexibility of Componenta's cost structure will secure the company's operational profitability in 2024-2026, but the operational leverage from growth will have a modest impact. We expect the EBITDA margin to increase slightly from 8.3% in 2023 to 9.1% in 2024, stabilizing at 8.9% in 2025 before rising slightly in 2026 (9.2%). In turn, the share of depreciation in net sales is decreasing at the same time, so we expect the development of the EBIT margin to be quite steady (2024: 4.3%; 2025: 4.3% and 2026: 4.7%). Falling net debt and more favorable credit terms will keep net financial expenses on a downward trend (2024: -1.6 MEUR; 2025: -1.4 MEUR and 2026: -1.3 MEUR). The corporate tax rate will only return to normal levels after the explicit estimate period. On this basis, the growth rate of EPS is very fast (+44% p.a.) between 2024 and 2026.

Cash flow, balance sheet and dividends

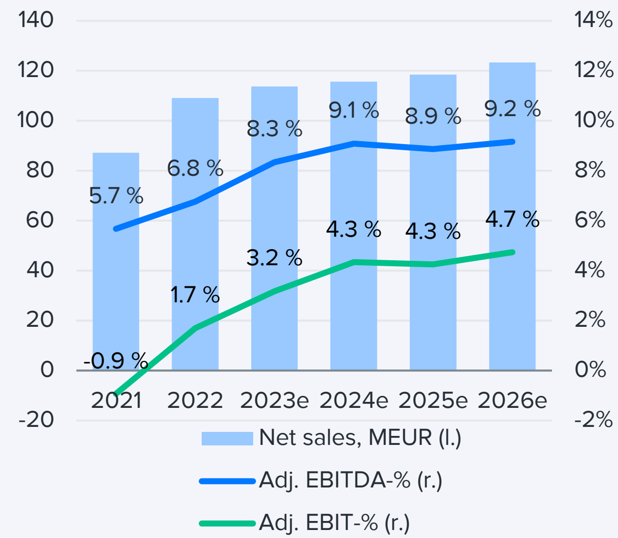
Componenta's earnings growth, the very moderate development of net working capital that we expect, the low level of taxes payable and the fact that investments exceed depreciation only marginally keep the various cash flow measures strong. We forecast operating cash flow to remain around EUR 11 million in 2024-2026 and also cash flow after investments to be EUR 4-5 million. We expect net debt to turn negative already in 2024 (-0.3 MEUR) and to continue this trend until 2026 (-4.2 MEUR).

The earnings performance described, and the strengthening balance sheet provide a basis for higher dividends. We expect dividends of EUR 0.11, EUR 0.15 and EUR 0.21 per share for 2024, 2025 and 2026, respectively. At the same time, the dividend payout ratio will rise from 30% to 45%.

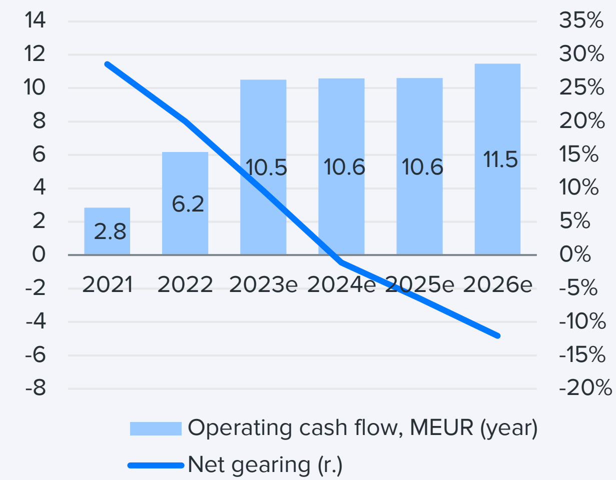
Long term estimates

After the actual estimate period, we expect Componenta to grow 3-4% per year on average, with terminal growth of 2.5%. We expect the EBIT margin to average 4.0% between 2027 and 2031. Our terminal margin assumption of 3.5% is slightly better than the median for 2020-2025e (3.1%), but we believe that it is still conservative enough to take into account the profitability challenges in the industry.

Net sales and profitability estimates



Balance sheet will strengthen further



Source: Componenta, estimates by Inderes

Income statement

Income statement	2020	2021	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e
Revenue	**70.0**	**87.3**	**109**	**30.7**	**29.5**	**25.1**	**28.4**	**114**	**29.8**	**30.5**	**26.3**	**29.1**	**116**	**119**	**123**
Group	70.0	87.3	109	30.7	29.5	25.1	28.4	114	29.8	30.5	26.3	29.1	116	119	123
EBITDA	**3.7**	**5.0**	**7.1**	**2.8**	**2.6**	**1.6**	**2.5**	**9.5**	**2.9**	**3.0**	**1.7**	**2.8**	**10.5**	**10.5**	**11.3**
Depreciation	-5.8	-4.9	-5.5	-1.4	-1.5	-1.5	-1.5	-5.9	-1.4	-1.4	-1.4	-1.4	-5.5	-5.5	-5.5
EBIT (excl. NRI)	**-2.9**	**-0.8**	**1.8**	**1.4**	**1.1**	**0.1**	**1.0**	**3.6**	**1.5**	**1.7**	**0.4**	**1.5**	**5.0**	**5.0**	**5.8**
EBIT	**-2.0**	**0.0**	**1.6**	**1.4**	**1.1**	**0.1**	**1.0**	**3.6**	**1.5**	**1.7**	**0.4**	**1.5**	**5.0**	**5.0**	**5.8**
Group	-2.0	0.0	1.6	1.4	1.1	0.1	1.0	3.6	1.5	1.7	0.4	1.5	5.0	5.0	5.8
Share of profits in assoc. compan.	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 financial items	-1.5	-0.4	-1.7	-0.5	-0.6	-0.5	-0.5	-2.1	-0.4	-0.4	-0.4	-0.4	-1.6	-1.4	-1.3
PTP	**-3.5**	**-0.4**	**-0.1**	**0.9**	**0.5**	**-0.4**	**0.5**	**1.5**	**1.1**	**1.3**	**0.0**	**1.1**	**3.4**	**3.6**	**4.6**
Taxes	0.3	0.0	0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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	**-3.2**	**-0.4**	**0.1**	**0.9**	**0.5**	**-0.4**	**0.5**	**1.5**	**1.1**	**1.3**	**0.0**	**1.1**	**3.4**	**3.6**	**4.6**
EPS (adj.)	**-0.43**	**-0.13**	**0.03**	**0.09**	**0.05**	**-0.04**	**0.05**	**0.16**	**0.12**	**0.13**	**0.00**	**0.11**	**0.35**	**0.37**	**0.47**
EPS (rep.)	**-0.33**	**-0.04**	**0.01**	**0.09**	**0.05**	**-0.04**	**0.05**	**0.16**	**0.12**	**0.13**	**0.00**	**0.11**	**0.35**	**0.37**	**0.47**

Key figures	2020	2021	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e
Revenue growth-%	38.0 %	24.6 %	25.0 %	20.4 %	2.1 %	1.9 %	-5.5 %	4.3 %	-3.0 %	3.4 %	4.7 %	2.5 %	1.7 %	2.4 %	4.1 %
Adjusted EBIT growth-%		-72.5 %	-317.2 %	448.0 %	13.0 %	-111.0 %	-27.8 %	106.2 %	11.9 %	46.8 %	271.9 %	43.0 %	38.7 %	0.6 %	15.8 %
EBITDA-%	5.4 %	5.7 %	6.5 %	9.1 %	8.9 %	6.2 %	8.9 %	8.3 %	9.8 %	9.9 %	6.6 %	9.7 %	9.1 %	8.9 %	9.2 %
Adjusted EBIT-%	-4.2 %	-0.9 %	1.6 %	4.5 %	3.8 %	0.4 %	3.6 %	3.2 %	5.1 %	5.4 %	1.4 %	5.0 %	4.3 %	4.3 %	4.7 %
Net earnings-%	-4.5 %	-0.5 %	0.0 %	2.9 %	1.8 %	-1.6 %	1.8 %	1.4 %	3.8 %	4.1 %	-0.1 %	3.7 %	3.0 %	3.1 %	3.7 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	**33.9**	**33.0**	**33.1**	**33.8**	**34.8**
Goodwill	3.2	3.2	3.2	3.2	3.2
Intangible assets	1.8	2.0	2.0	2.0	2.1
Tangible assets	28.3	27.3	27.4	28.1	29.0
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.5	0.5	0.5	0.5	0.5
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	**21.6**	**25.8**	**30.2**	**34.5**	**37.4**
Inventories	12.2	13.3	14.2	14.5	14.8
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	4.2	3.9	4.7	4.8	4.9
Cash and equivalents	5.2	8.6	11.3	15.3	17.7
Balance sheet total	**55.5**	**58.8**	**63.3**	**68.4**	**72.2**

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	**23.5**	**24.1**	**25.7**	**29.1**	**31.7**
Share capital	1.0	1.0	1.0	1.0	1.0
Retained earnings	3.0	3.2	4.8	8.2	10.8
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	19.4	19.9	19.9	19.9	19.9
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**10.8**	**11.0**	**12.1**	**13.1**	**13.6**
Deferred tax liabilities	0.2	0.1	0.1	0.1	0.1
Provisions	0.4	0.4	0.4	0.4	0.4
Korolliset velat	9.1	9.9	11.0	12.0	12.5
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	1.1	0.7	0.7	0.7	0.7
Current liabilities	**21.2**	**23.8**	**25.5**	**26.1**	**26.8**
Korolliset velat	2.8	3.6	2.8	3.0	3.1
Payables	18.4	20.2	22.7	23.1	23.7
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**55.5**	**58.8**	**63.3**	**68.4**	**72.2**

Valuation and recommendation 1/3

Basis of the valuation

We examine the valuation of Componenta's share from three perspectives, namely 1) the total shareholder return model, which takes into account earnings growth, dividend yield and relative valuation level; 2) the earnings-based valuation multiples (P/E, EV/EBIT and EV/EBITDA) and their relation to the peer group and 3) the DCF model. Of these methods, we give the greatest weight to TSR expectation based on estimates for the coming years and its relation to the stock's risk. The results of the other methods mentioned above support our overall view of the fair value of a stock, on which we base our view.

Factors affecting the acceptable level of valuation

In our view, Componenta's acceptable valuation level is positively affected by the following factors:

+ **Strong ties with strong customers.** Almost all large, international machineries with manufacturing operations in Finland are Componenta's customers, and many of these customer relationships have lasted for decades. Customers are very demanding, which is a testament to Componenta's service capability. At the same time, their threshold to switch from Componenta to another supplier is high.

+ **Increased cost flexibility safeguards profitability.** Componenta's share of fixed costs in total costs has clearly decreased in recent years. In addition, the company has indexed both material and energy costs in the pricing of its supply contracts, so that sales prices react to these costs with a lag of only one quarter.

+ **A strong balance sheet is a hedge against cyclical fluctuations.** Componenta is already almost net debt-free and overall financial expenses are also decreasing. Low gearing not only provides a safety net in a downturn, but also allows for significant additional borrowing, e.g., for acquisitions.

The following factors reduce the acceptable valuation level:

– **The target market is cyclical.** Componenta's customer industries represent the investment goods industry, which is cyclical in nature.

– **Individual customer risks are high.** Componenta's largest single customer accounted for 27% of the Group's net sales in 2022.

– **Underlying profitability is quite low.** Even in its current form, Componenta's EBIT margin is still quite low. The result can easily turn into a loss if demand falls rapidly.

– **The liquidity of the stock is thin.** This is causing at least some institutional investors to shy away from the stock.

Valuation	2023e	2024e	2025e
Share price	2.73	2.73	2.73
Number of shares, millions	9.71	9.71	9.71
Market cap	27	27	27
EV	29	26	24
P/E (adj.)	17.2	7.7	7.3
P/E	17.2	7.7	7.3
P/B	1.0	0.9	0.8
P/S	0.2	0.2	0.2
EV/Sales	0.3	0.2	0.2
EV/EBITDA	3.1	2.5	2.3
EV/EBIT (adj.)	8.0	5.2	4.8
Payout ratio (%)	0.0 %	30.0 %	40.0 %
Dividend yield-%	0.0 %	3.9 %	5.5 %

Source: Inderes

Valuation and recommendation 2/3

Peer group valuation and Componenta's position

As noted earlier, peers in the same business areas as Componenta are few and far between and, of course, those listed on the stock exchange are even rarer. This makes it challenging to find a suitable peer group. We have selected the members of the peer group on three bases, namely 1) small domestic listed machineries (Norrhydro and Kesla); 2) companies operating in the foundry and/or machining sector (Castings Plc, Georg Fischer AG and ElringKlinger AG) and 3) some of Componenta's presumed customers (Ponsse, Wärtsilä, AGCO). We acknowledge that the peer group is heterogeneous, but as a whole we see many common business drivers with Componenta. For multiples, we weight P/E and EV/EBIT. EV/EBITDA is less suitable as Componenta's depreciation as a percentage of net sales is clearly higher than the average of its peers.

The median P/E ratios for the peer group in 2023 and 2024 are 13x and 12x, and the median EV/EBIT ratios are 11x and 10x, respectively. Of the companies in the peer group, Castings Plc has a reasonably suitable profile, although it is in practice entirely dedicated to the automotive industry and focused on foundry activities. However, the company's profitability has been good: the median EBITDA margin for 2018-2022 was 15%. Castings Plc's forward-looking P/E has averaged 12x and EV/EBIT 7x, but now the corresponding figures are 10x and 6x.

We believe Componenta should be valued at a P/E of around 8-10x and an EV/EBIT of around 6-8x based on 2023-2024 estimates. The multiples are well below the median for the peer group, averaging around 30%. The discount is significant, but we believe that caution is warranted given the above-mentioned factors affecting the accepted valuation level and Componenta's much smaller size and weaker relative profitability (EBIT margin) than the peer median.

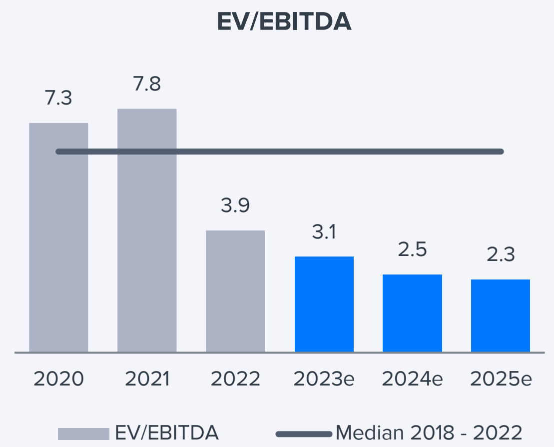
Multiple-based valuation is low

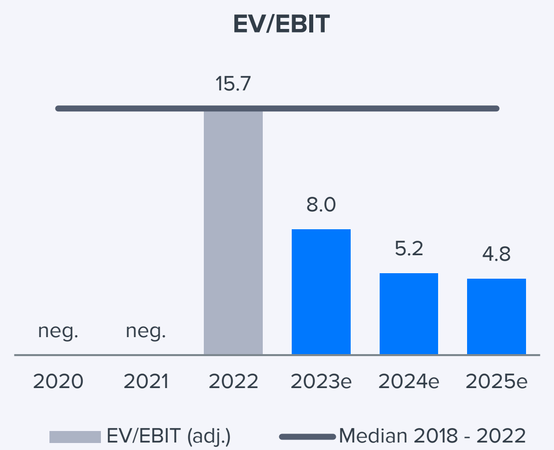
Componenta's current 2024 P/E ratio (8x) is 36% discounted relative to the median of its peers. The EV/EBIT multiples for 2023-2024 are 8x and 5x and the corresponding discount to peers is 26-47%. On average, the discount exceeds what we considered justified above. It should also be noted that the valuation of the entire peer group is quite low and its median multiples for 2023-2024 are 10-18% lower than the Nasdaq Helsinki average. Overall, Componenta's share can be considered undervalued.

The risk-adjusted expected return is attractive

According to our calculations, the total expected return on Componenta's share (upside potential based on earnings growth and expected change in valuation multiples plus dividend yield) exceeds the required return by the measures we use. There are two reasons behind this:

- The baseline performance for the last 12 months, Q3'22-Q2'23, was still well below our expectations for 2023 or 2024 as a whole. For example, adjusted EPS for Q3'22-Q2'23 landed at EUR 0.11 while our expectation for full year 2023 EPS is EUR 0.16 and for 2024 EUR 0.35. Similarly, the adjusted operating result for Q3'22-Q2'23 was EUR 3.0 million, while our estimate for the full year 2023 is EUR 3.6 million and for 2024 EUR 5.0 million. Annualized earnings growth to 2024 is +120% p.a. at EPS level and +41% p.a. at EBIT level, which is explained by the low starting level.





Valuation and recommendation 3/3

- Even with realized results, the valuation level of Componenta's share is quite low. The EV/EBIT multiple for Q3'22-Q2'23 is 9x. The decrease in the valuation multiples for the forecast years from the multiples based on past performance will therefore be smaller than the increase in earnings that we expect.

Assuming an expected EBIT or EPS growth rate of 41-120% p.a. by 2024 and setting the 2024 P/E and EV/EBIT multiples at the levels presented earlier (9x and 7x respectively), the total return is 15-25% p.a. Even at the lowest level, the expected return exceeds the 12% ROE requirement, so the risk-adjusted return is attractive when calculated in this way.

DCF model indicates big upside potential

The DCF model discounts estimated future free cash flows (including the terminal assumption) to the present moment and current net debt is subtracted from this value. The weakness of the model is its sensitivity to the terminal growth and profitability estimates so the result should be interpreted with caution.

As we already stated in the Estimates section, we expect Componenta's terminal net sales growth rate to be 2.5% and EBIT margin to be 3.5%. The weighted average cost of capital (WACC) we use in the DCF model is 10.4%, including a liquidity premium of 1.00% for the stock. Cost of equity is 12.1%. Both figures are based on a 2.5% risk-free interest and a 4.75% market risk premium.

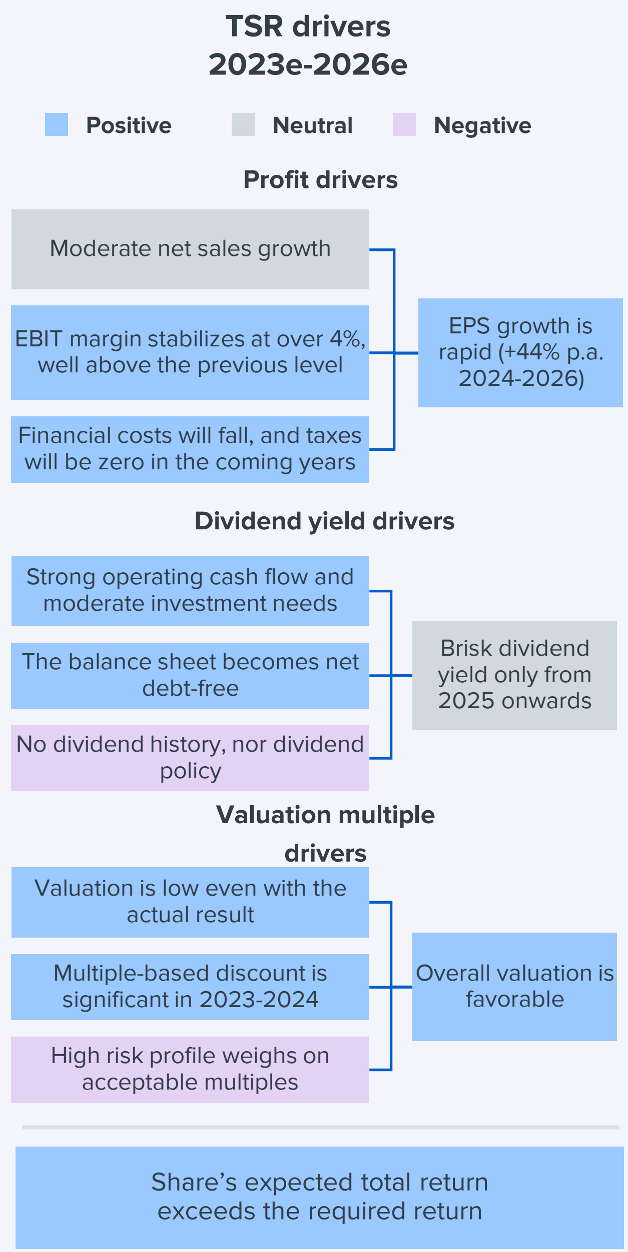
The DCF model indicates Componenta a share value of EUR 3.9, with an upside of 42%. Despite the risks of the DCF model, we believe the upside is significant. A more detailed calculation can be found in the appendices.

Investment view

We initiate the coverage of Componenta with an Accumulate recommendation and a target price of EUR 3.20, which offers a 17% upside to the current price. At the target price, the stock would be discounted by 25-38% relative to the median of peers at 2024 P/E and EV/EBIT multiples, still in line with the discount that we consider justified. The main uncertainty relates to the order intake of Componenta's main customers and its impact on their and Componenta's own net sales in 2024.

However, the upside potential of the stock at the current price is obvious and our estimates have room for minor disappointments. Componenta's 2024 EBIT could be -24% worse than our estimate and the company's EV/EBIT ratio would still be 30% discounted at current share price relative to the peer median. How a performance disappointment of the magnitude described would affect stock sentiment is naturally another question.

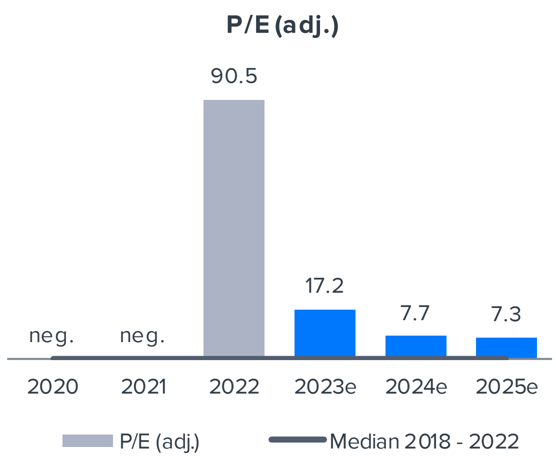
In addition to a reasonable performance in Componenta's target markets, the realization of the upside potential of the stock requires remaining relatively close to expected earnings trajectory and a clear improvement in the company's visibility and awareness among investors. The realization of the earnings performance would lower the risk profile of the stock and allow for higher valuation multiples.

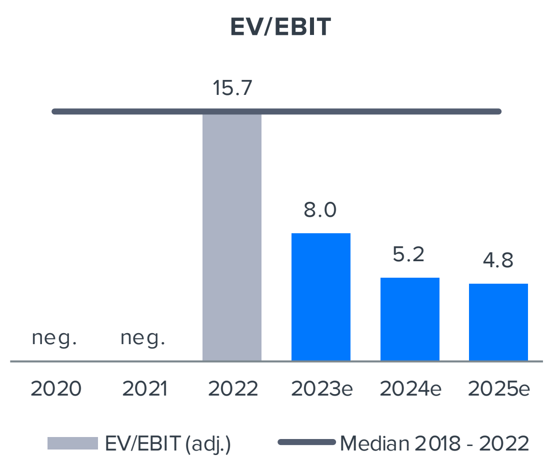


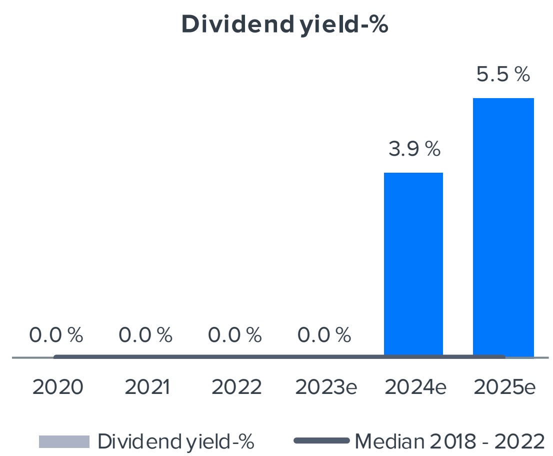
Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price			3.16	3.34	2.34	**2.73**	**2.73**	**2.73**	**2.73**
Number of shares, millions	7.09	237.3	9.49	9.52	9.71	**9.71**	**9.71**	**9.71**	**9.71**
Market cap			30	32	23	**27**	**27**	**27**	**27**
EV	-3.3	8.7	27	39	28	**29**	**26**	**24**	**22**
P/E (adj.)	0.0	0.0	neg.	neg.	90.5	**17.2**	**7.7**	**7.3**	**5.8**
P/E	0.0	0.0	neg.	neg.	>100	**17.2**	**7.7**	**7.3**	**5.8**
P/B	0.0	0.0	1.3	1.4	0.9	**1.0**	**0.9**	**0.8**	**0.8**
P/S	0.0	0.0	0.4	0.4	0.2	**0.2**	**0.2**	**0.2**	**0.2**
EV/Sales	neg.	0.2	0.4	0.4	0.3	**0.3**	**0.2**	**0.2**	**0.2**
EV/EBITDA	neg.	5.5	7.3	7.8	3.9	**3.1**	**2.5**	**2.3**	**2.0**
EV/EBIT (adj.)	neg.	neg.	neg.	neg.	15.7	**8.0**	**5.2**	**4.8**	**3.8**
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	**0.0 %**	**30.0 %**	**40.0 %**	**45.0 %**
Dividend yield-%			0.0 %	0.0 %	0.0 %	**0.0 %**	**3.9 %**	**5.5 %**	**7.8 %**

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**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**
Norrhydro	26	26	26.2	13.1	13.1	6.5	0.8	0.7	240.0	21.8	1.3	2.5	2.8
Castings plc	169	128	6.8	6.0	4.4	4.1	0.6	0.5	11.0	10.1	5.0	5.3	
Georg Fischer	4530	4698	11.8	9.8	9.0	8.4	1.1	1.0	15.1	13.8	2.5	2.8	3.0
ElringKlinger	374	848	9.4	7.7	4.1	3.7	0.4	0.4	9.8	6.4	4.0	5.4	0.4
Kesla	16	29	9.8	9.8	5.9	5.9	0.5	0.5	7.4	6.3	5.2	6.2	1.1
Ponsse	739	798	14.6	13.1	9.3	8.7	1.0	1.0	16.9	15.7	2.6	2.9	2.1
Wärtsilä	6580	7059	15.0	11.9	10.7	9.4	1.1	1.1	20.8	15.9	2.7	3.4	2.9
AGCO	8621	10305	6.3	6.6	5.6	5.7	0.8	0.8	8.0	8.2	4.4	1.9	2.1
Componenta Oyj (Inderes)	**27**	**29**	**8.0**	**5.2**	**3.1**	**2.5**	**0.3**	**0.2**	**17.2**	**7.7**	**0.0**	**3.9**	**1.0**
Average			**12.5**	**9.8**	**7.8**	**6.5**	**0.8**	**0.7**	**41.1**	**12.3**	**3.5**	**3.8**	**2.1**
Median			**10.8**	**9.8**	**7.4**	**6.2**	**0.8**	**0.7**	**13.0**	**12.0**	**3.4**	**3.2**	**2.1**
Diff-% to median			***-26%***	***-47%***	***-59%***	***-60%***	***-67%***	***-69%***	***32%***	***-36%***	***-100%***	***23%***	***-52%***

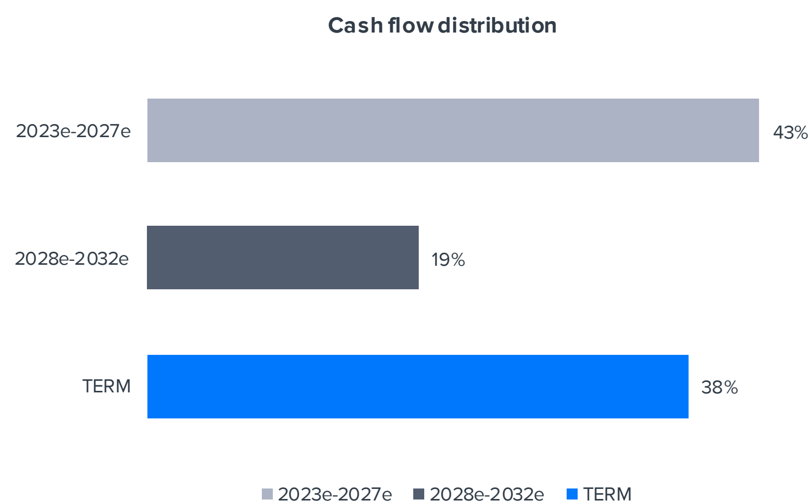
Source: Refinitiv / Inderes

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	25.0 %	4.3 %	1.7 %	2.4 %	4.1 %	3.8 %	3.5 %	3.3 %	3.0 %	2.8 %	2.5 %	2.5 %
EBIT-%	1.4 %	3.2 %	4.3 %	4.3 %	4.7 %	4.5 %	4.2 %	4.0 %	3.7 %	3.5 %	3.5 %	3.5 %
EBIT (operating profit)	**1.6**	**3.6**	**5.0**	**5.0**	**5.8**	**5.7**	**5.6**	**5.5**	**5.3**	**5.1**	**5.2**	
+ Depreciation	5.5	5.9	5.5	5.5	5.5	5.7	5.8	6.0	6.2	6.4	6.6	
- Paid taxes	0.0	0.1	0.0	0.0	0.0	-0.1	-1.0	-0.9	-0.9	-0.9	-0.9	
- Tax, financial expenses	-0.3	0.1	0.0	0.0	0.0	0.0	-0.2	-0.2	-0.2	-0.2	-0.2	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.0	
- Change in working capital	0.9	0.9	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1	
Operating cash flow	**7.7**	**10.5**	**10.6**	**10.6**	**11.5**	**11.5**	**10.5**	**10.6**	**10.6**	**10.6**	**10.9**	
+ Change in other long-term liabilities	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-4.7	-5.9	-6.2	-6.4	-6.6	-6.8	-7.0	-7.1	-7.3	-7.5	-7.8	
Free operating cash flow	**2.6**	**4.6**	**4.4**	**4.2**	**4.9**	**4.7**	**3.5**	**3.4**	**3.3**	**3.1**	**3.1**	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	2.6	4.6	4.4	4.2	4.9	4.7	3.5	3.4	3.3	3.1	3.1	40.3
Discounted FCFF		**4.4**	**3.8**	**3.3**	**3.5**	**3.1**	**2.1**	**1.8**	**1.6**	**1.4**	**1.2**	**16.2**
Sum of FCFF present value		42.5	38.1	34.3	30.9	27.4	24.3	22.2	20.3	18.7	17.4	16.2
Enterprise value DCF		**42.5**										
- Interest bearing debt		-13.4										
+ Cash and cash equivalents		8.6										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		**37.7**										
Equity value DCF per share		**3.9**										

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	20.0 %
Cost of debt	4.5 %
Equity Beta	1.80
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	**12.1 %**
Weighted average cost of capital (WACC)	**10.4 %**

Source: Inderes



Summary

Income statement	2020	2021	2022	2023e	2024e
Revenue	70.0	87.3	109.1	**113.7**	**115.7**
EBITDA	3.7	5.0	7.1	**9.5**	**10.5**
EBIT	-2.0	0.0	1.6	**3.6**	**5.0**
PTP	-3.5	-0.4	-0.1	**1.5**	**3.4**
Net Income	-1.0	-0.4	0.1	**1.5**	**3.4**
Extraordinary items	0.9	0.8	-0.2	**0.0**	**0.0**

Balance sheet	2020	2021	2022	2023e	2024e
Balance sheet total	64.0	55.5	58.8	**63.3**	**68.4**
Equity capital	23.9	23.5	24.1	**25.7**	**29.1**
Goodwill	3.2	3.2	3.2	**3.2**	**3.2**
Net debt	-2.6	6.7	4.8	**2.5**	**-0.3**

Cash flow	2020	2021	2022	2023e	2024e
EBITDA	3.7	5.0	7.1	**9.5**	**10.5**
Change in working capital	2.9	-2.3	0.9	**0.9**	**0.1**
Operating cash flow	6.5	2.6	7.7	**10.5**	**10.6**
CAPEX	-5.1	-2.0	-4.7	**-5.9**	**-6.2**
Free cash flow	3.7	-8.9	2.6	**4.6**	**4.4**

Valuation multiples	2020	2021	2022	2023e	2024e
EV/S	0.4	0.4	0.3	**0.3**	**0.2**
EV/EBITDA (adj.)	7.3	7.8	3.9	**3.1**	**2.5**
EV/EBIT (adj.)	neg.	neg.	15.7	**8.0**	**5.2**
P/E (adj.)	neg.	neg.	90.5	**17.2**	**7.7**
P/B	1.3	1.4	0.9	**1.0**	**0.9**
Dividend-%	0.0 %	0.0 %	0.0 %	**0.0 %**	**3.9 %**

Source: Inderes

Per share data	2020	2021	2022	2023e	2024e
EPS (reported)	-0.33	-0.04	0.01	**0.16**	**0.35**
EPS (adj.)	-0.43	-0.13	0.03	**0.16**	**0.35**
OCF / share	0.69	0.27	0.79	**1.08**	**1.09**
FCF / share	0.39	-0.93	0.27	**0.47**	**0.45**
Book value / share	2.51	2.46	2.48	**2.64**	**3.00**
Dividend / share	0.00	0.00	0.00	**0.00**	**0.00**

Growth and profitability	2020	2021	2022	2023e	2024e
Revenue growth-%	38%	25%	25%	**4%**	**2%**
EBITDA growth-%	136%	32%	43%	**34%**	**11%**
EBIT (adj.) growth-%	76%	-72%	-317%	**106%**	**39%**
EPS (adj.) growth-%	4839%	-70%	-120%	**515%**	**123%**
EBITDA-%	5.4 %	5.7 %	6.5 %	**8.3 %**	**9.1 %**
EBIT (adj.)-%	-4.2 %	-0.9 %	1.6 %	**3.2 %**	**4.3 %**
EBIT-%	-2.9 %	0.0 %	1.4 %	**3.2 %**	**4.3 %**
ROE-%	-16.0 %	-1.7 %	0.2 %	**6.2 %**	**12.6 %**
ROI-%	-6.1 %	3.2 %	4.3 %	**9.7 %**	**12.5 %**
Equity ratio	37.3 %	42.3 %	41.0 %	**40.6 %**	**42.6 %**
Gearing	-10.8 %	28.6 %	20.0 %	**9.6 %**	**-1.1 %**

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
9/19/2023	Accumulate	€3.20	€2.73

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