

SUOMINEN

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INDERES CORPORATE CUSTOMER
COMPANY REPORT



Earnings expected to remain weak this year too

Suominen's fourth quarter and the year as a whole were weak. Despite the company's guidance for improved earnings this year, we expect earnings to remain negative. We have again lowered our forecasts and target price to EUR 1.9 (was EUR 2.0). We reiterate our Sell recommendation.

Q4 results significantly below expectations and also down year-on-year

Suominen's revenue increased by 3% in Q4, mainly due to improved selling prices and product mix. The volumes dropped a little. Revenue was roughly in line with forecasts. Adjusted EBITDA was 4.2 MEUR, well below our expectations (6.6 MEUR) and also down year-on-year (5.5 MEUR), like in Q3. However, the company commented the operational issues that plagued Q3 did not have a material impact on Q4. According to the company, the decline in earnings was due to higher raw material costs. We believe the company should be able to pass this through to prices over time, but the repeatedly lower-than-expected and persistently weak profit levels also reflect chronic profitability challenges. For the full year, the company barely met its guidance of an improvement in adjusted EBITDA. However, the result was very poor for the third year in a row, with adjusted operating profit still negative in 2024.

Familiar guidance for 2025, but challenges remain

Suominen guides for an improvement in adjusted EBITDA for 2025. The guidance was the same for 2023 and 2024, with a clear improvement in expectations at the beginning of the year, but only a slight increase in the end. The company notes that the market is uncertain due to US tariffs and that Europe is receiving more imports from countries such as China. In the US, Suominen has local production, but it imports some of its raw materials from Canada, for example, which is affected by the tariffs that have just come into effect. Incorporating tariffs into sales prices is not an easy task, at least in the short term. Suominen will therefore face

some headwinds in the coming year. As a result, we have significantly lowered our 2025-26 forecasts in percentage terms, and our net income forecast for this year has turned negative. At the same time, we cut the dividend forecast for this year to zero.

There seems to be no tools for a level correction in earnings anytime soon

In recent years, Suominen has sought to grow its earnings mainly by improving operational efficiency. As a major step, it closed the Mozzate plant in Italy in the spring of 2023, but other than that, we do not believe there have been any major individual measures. However, various problems and a very competitive market have practically eaten away at the benefits the company has managed to create. Although Suominen is able to launch a significant number of new products, the company's overall profitability is weak. As Suominen's production is almost entirely located in higher-cost countries, it is also exposed to competition from lower-cost countries, especially for older bulk products, which negatively affects its volumes and margins. We also understand that there is still oversupply in the industry, particularly in Europe. The company's performance deteriorated in H2'24 compared to the same period last year, and we do not see any potential for significant improvement this year.

The stock is pricing in a significant earnings improvement; we believe the expected return remains weak

The company's earnings multiples for the next few years are high and not in the range of our acceptable multiples before 2028, so we see many years of expected earnings growth going into the digestion of the multiples. Considering the limited competitive advantages, we do not believe that Suominen is able to achieve a return on capital that is sustainably above the required return in the long term. Assuming a much better margin in the longer term, our DCF model yields a value of EUR 1.9, in line with our target price.

Recommendation

Sell

(was Sell)

Target price:

1.90 EUR

(was EUR 2.00)

Share price:

EUR 2.10

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	462	476	485	495
growth-%	3%	3%	2%	2%
EBIT adj.	-1.6	2.9	9.2	11.8
EBIT-% adj.	-0.3 %	0.6 %	1.9 %	2.4 %
Net Income	-5.3	-1.4	3.5	4.6
EPS (adj.)	-0.10	-0.02	0.06	0.08
P/E (adj.)	neg.	neg.	34.6	26.4
P/B	1.1	1.0	1.0	1.0
Dividend yield-%	0.0 %	0.0 %	1.0 %	2.4 %
EV/EBIT (adj.)	neg.	66.8	20.6	15.4
EV/EBITDA	11.2	8.9	6.4	5.6
EV/S	0.4	0.4	0.4	0.4

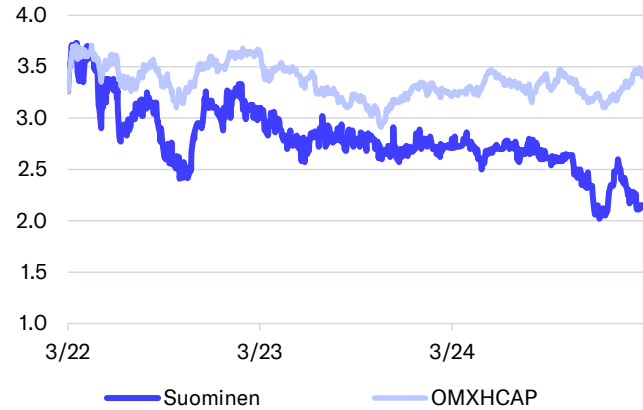
Source: Inderes

Guidance

(New guidance)

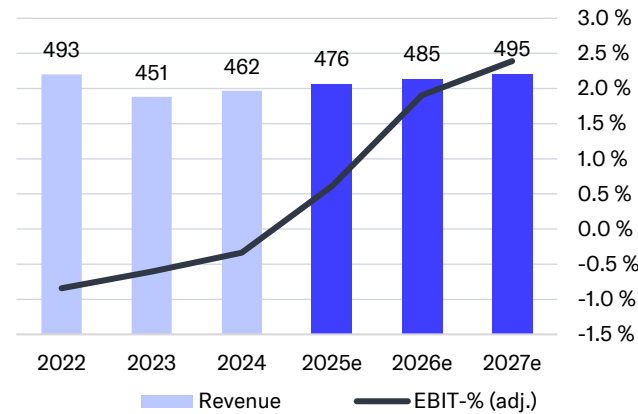
Suominen expects that its comparable EBITDA in 2025 will increase from 2024 (17.0 MEUR).

Share price



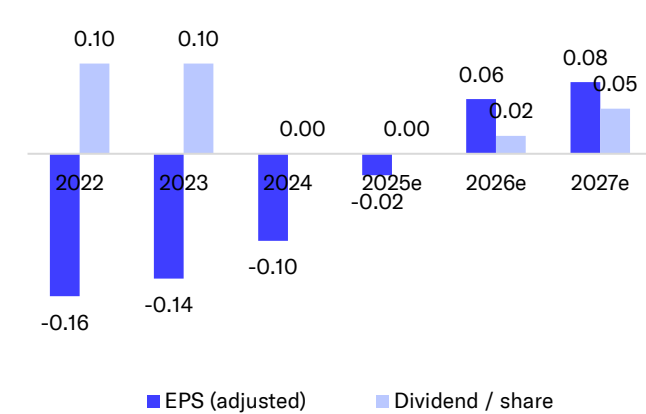
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Potential reduction in market overcapacity could support margins in the longer term
- Steady end demand for products
- Suominen's expertise and products in sustainable non-wovens

Risk factors

- Tight competition in the industry
- Low pricing power
- Changes in raw material prices cause earnings fluctuation

Valuation	2025e	2026e	2027e
Share price	2.10	2.10	2.10
Number of shares, millions	57.7	57.7	57.7
Market cap	121	121	121
EV	194	190	182
P/E (adj.)	neg.	34.6	26.4
P/E	neg.	34.6	26.4
P/B	1.0	1.0	1.0
P/S	0.3	0.2	0.2
EV/Sales	0.4	0.4	0.4
EV/EBITDA	8.9	6.4	5.6
EV/EBIT (adj.)	66.8	20.6	15.4
Payout ratio (%)	0%	33%	63%
Dividend yield-%	0.0 %	1.0 %	2.4 %

Source: Inderes

Q4 performance down year-on-year and well below expectations

Revenue increased slightly

Suominen's revenue increased by 3% in Q4, mainly due to improved selling prices and product mix. Volumes declined slightly as volumes from lower-cost producing countries were increasingly diverted to the European market, the company said. Geographically, however, Suominen grew in Europe, and in the Americas, revenue was at the level of the comparison period. Revenue was roughly in line with forecasts.

Earnings weakened and fell far short of expected

Adjusted EBITDA (4.2 MEUR) was well below expectations and down year-on-year, like in Q3. However, the company commented the operational issues that plagued Q3 did not have a material impact on Q4. According to the company, the decline in earnings was due to higher raw material costs. We believe the company should be able to pass this through to prices over time, but the repeatedly lower-than-

expected profit levels also reflect chronic profitability challenges.

For the full year, the company barely met its guidance of an improvement in adjusted EBITDA. However, the result will be very poor for the third year in a row, with adjusted operating profit still negative in 2024.

Weak earnings and cash flow weigh on balance sheet, dividend to zero

Suominen's cash flow after investments was clearly negative last year. The company's net debt/adjusted EBITDA was around 3.5x at the end of the year, which we believe is starting to be worryingly high. This is underscored by the fact that the company has major investments underway, which we believe will keep cash flow negative this year. However, the company has cash in its coffers for investments and we do not believe it has breached its covenants, so we do not believe the financial

situation is yet an acute problem. However, a weak balance sheet may put pressure on the company to reduce working capital at the expense of margins. The company is proposing to reduce the dividend to zero, which was in line with our expectations. With a loss-making result and a weak balance sheet, a zero dividend is quite logical.

Of Suominen's financing arrangements, the credit facility matures in July 2026 and the bond matures in June 2027. As financing agreements are usually renewed in a timely manner, we believe that at least the refinancing of the credit line will be completed this year. The 50 MEUR bond was issued in 2021 at a very low coupon (1.5%), and its renewal (probably during 2026) will increase Suominen's interest costs.

Estimates MEUR / EUR	Q4'23	Q4'24	Q4'24e	Q4'24e	Consensus		Difference (%)	2024
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Tot.
Revenue	115	119	117	118			1%	462
EBITDA (adj.)	5.5	4.2	6.6	6.7			-36%	17.0
EBIT (adj.)	0.7	-0.3	2.0	2.2			-115%	-1.4
EBIT	0.7	0.9	1.5	-			-38%	-1.3
EPS (reported)	-0.02	0.01	0.00	0.01			2050%	-0.09
DPS	0.10	0.00	0.00	0.03				0.00
Revenue growth-%	-13.7 %	3.1 %	2.0 %	2.7 %			1.2 pp	2.6 %
EBIT-% (adj.)	0.6 %	0.8 %	1.7 %	1.9 %			-0.9 pp	-0.3 %

Source: Inderes & Vara Research, 3 analysts (consensus)

Forecasts down again

Familiar guidance for 2025

Suominen guides for an improvement in adjusted EBITDA for 2025. The guidance was the same for 2023 and 2024, with a clear improvement in expectations at the beginning of the year, but only a slight increase in the end. In 2024, adjusted EBITDA was 17 MEUR, compared to 15 MEUR in 2022.

The company notes that the market is uncertain due to US tariffs and that Europe is receiving more imports from countries such as China. In the US, Suominen has local production, but it imports some of its raw materials from Canada, for example, which is affected by the tariffs that have just come into effect. Incorporating these into sales prices is not an easy task, at least in the short term. Suominen will therefore face some headwinds in the coming year.

Another round of forecast cuts

In recent years, Suominen has sought to grow its earnings mainly by improving operational efficiency. As a major step, it closed the Mozzate plant in Italy in the spring of 2023, but other than that, we do not believe there have been any major individual measures. However, various problems and a chronically highly competitive market have practically eaten away at the benefits the company has managed to create. Although Suominen is able to launch a significant number of new products, the company's overall profitability is weak. As Suominen's production is almost entirely located in higher-cost countries, it is also exposed to competition from lower-cost countries, especially for older bulk products, which negatively affects its volumes and margins. We also understand that there is still oversupply in the industry, particularly in Europe.

Taking into account the market challenges mentioned above, we believe that this year will be another weak year

in terms of earnings. We lowered our forecasts in percentage terms quite significantly and our net income forecast turned negative. At the same time, we also cut the dividend forecast for this year to zero.

As the low profitability appears to be chronic, we have also significantly lowered our 2026 forecasts, although we had already lowered them significantly after the Q3 results. However, our earnings forecast for 2026 is positive, and we have maintained a low dividend forecast.

Estimate revisions	2024	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	Actualized	%	Old	New	%	Old	New	%
Revenue	461	462	0%	466	476	2%	475	485	2%
EBITDA	17.8	17.1	-4%	23.9	21.7	-9%	32.9	29.9	-9%
EBIT (excl. NRIs)	0.8	-1.6	-306%	5.9	2.9	-51%	13.1	9.2	-29%
EBIT	-0.6	-1.3	-97%	5.9	2.9	-51%	13.1	9.2	-29%
PTP	-5.9	-5.3	10%	0.9	-1.9	-318%	9.2	4.7	-49%
EPS (excl. NRIs)	-0.08	-0.10	-18%	0.01	-0.02	-309%	0.12	0.06	-49%
DPS	0.00	0.00		0.02	0.00	-100%	0.05	0.02	-60%

Source: Inderes

Suominen, Q4'24



Valuation is high

Better expectations already priced in, reduce

We value Suominen using earnings- and balance sheet-based multiples and the DCF model. The earnings improvement we forecast will be spent digesting multiples over the next few years, and even at a much better earnings level (2027), we think the valuation is high. With dividends falling to zero in the coming years, it also does not provide much support for earnings expectations in the coming years. Thus, we see the expected return as weak.

Multiples remain high through the forecast years

Due to the poor result, valuation multiples for 2022-24 cannot be calculated or they are high, and we feel the earnings level does not depict the company's potential. We have previously considered an EBIT level of 15-20 MEUR to be a more normal and realistic level for the company. In light of the company's persistently loss-making performance in recent years, this assumption seems optimistic and we do not expect the company to achieve it in the coming years. For our forecast years 2025-27, earnings multiples are high, whether we look at earnings-based P/E, EV/EBIT, or balance sheet-based P/B. In the coming years, we expect Suominen's return on equity to remain well below the required return, and thus the P/B ratio to be well below 1x. We feel Suominen's acceptable valuation multiples are P/E around 10-12x and EV/EBIT 9-11x. The multiples fall within this range in our projections only in 2028 and require a significant earnings improvement. We forecast a dividend yield of 0-3% in 2024-27.

DCF model value EUR 1.9

The value of the DCF model is around EUR 1.9, which is in line with our target price. The model assumes a longer-term EBIT-% of 4.0% and thus an EBIT of ~20 MEUR. We note that the long-term margin assumption is well above the levels achieved in recent years and projected for the coming years. We use a WACC of 8.4% for Suominen, which gives a market cap of around 110 MEUR.

Longer-term potential is also moderate

In the longer term, we believe that Suominen's return on capital will be roughly at the level of the required return. We believe that the company will be able to achieve small earnings growth, but in the absence of clear competitive advantages, with strong competition in the sector and volatile raw material prices swaying profitability, we do not believe in significant and sustainable earnings growth nor return on capital that exceeds the required return in the long-term. In our view, the expected return remains below 10% in both the short and long term and therefore does not exceed our required return.

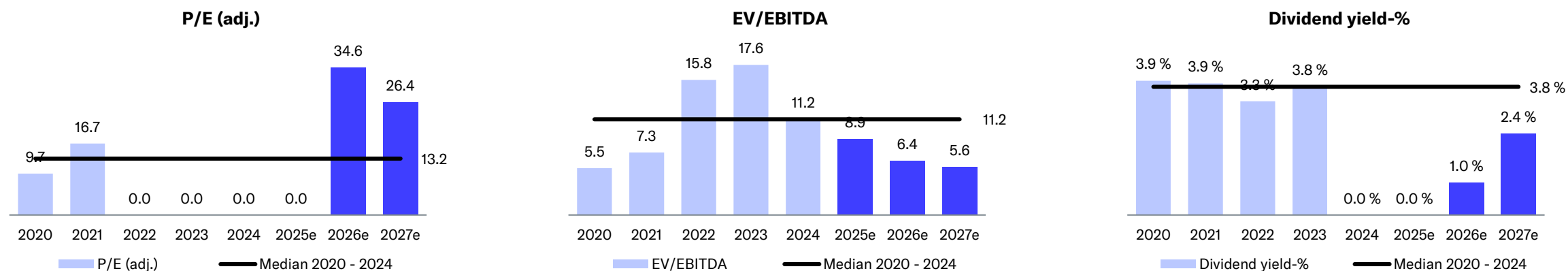
Valuation	2025e	2026e	2027e
Share price	2.10	2.10	2.10
Number of shares, millions	57.7	57.7	57.7
Market cap	121	121	121
EV	194	190	182
P/E (adj.)	neg.	34.6	26.4
P/E	neg.	34.6	26.4
P/B	1.0	1.0	1.0
P/S	0.3	0.2	0.2
EV/Sales	0.4	0.4	0.4
EV/EBITDA	8.9	6.4	5.6
EV/EBIT (adj.)	66.8	20.6	15.4
Payout ratio (%)	0%	33%	63%
Dividend yield-%	0.0 %	1.0 %	2.4 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	5.08	5.18	3.00	2.66	2.28	2.10	2.10	2.10	2.10
Number of shares, millions	57.5	57.5	57.5	57.7	57.7	57.7	57.7	57.7	57.7
Market cap	292	298	172	153	132	121	121	121	121
EV	334	345	226	197	192	194	190	182	173
P/E (adj.)	9.7	16.7	neg.	neg.	neg.	neg.	34.6	26.4	16.5
P/E	9.7	14.4	neg.	neg.	neg.	neg.	34.6	26.4	16.5
P/B	2.0	1.8	1.2	1.2	1.1	1.0	1.0	1.0	0.9
P/S	0.6	0.7	0.3	0.3	0.3	0.3	0.2	0.2	0.2
EV/Sales	0.7	0.8	0.5	0.4	0.4	0.4	0.4	0.4	0.3
EV/EBITDA	5.5	7.3	15.8	17.6	11.2	8.9	6.4	5.6	5.1
EV/EBIT (adj.)	8.5	12.8	neg.	neg.	neg.	66.8	20.6	15.4	11.9
Payout ratio (%)	38.2 %	55.4 %	neg.	neg.	0.0 %	0.0 %	33.0 %	63.0 %	55.1 %
Dividend yield-%	3.9 %	3.9 %	3.3 %	3.8 %	0.0 %	0.0 %	1.0 %	2.4 %	3.3 %

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	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Huhtamäki	3782	5114	11.8	11.0	7.8	7.4	1.2	1.1	13.1	12.0	3.4	3.6	1.7
Duni	418	549	7.9	8.0	5.8	5.9	0.7	0.7	8.7	9.6	5.6	6.1	1.2
Sealed Air	4297	8127	10.0	9.6	7.7	7.3	1.6	1.6	10.0	9.2	2.6	2.7	4.8
Riverstone	1014	859	9.7	9.0	8.4	7.9	3.0	2.8	14.2	13.3	7.2	7.5	0.7
Berry Plastics	7772	14372	13.4	12.8	8.6	8.3	1.5	1.5	11.3	10.5	1.7	1.7	2.3
Magnera	654	2346	15.2	13.1	6.4	6.0	0.7	0.7		19.3			
Suominen (Inderes)	121	194	66.8	20.6	8.9	6.4	0.4	0.4	-88.6	34.6	0.0	1.0	1.0
Average			11.3	10.6	7.4	7.1	1.5	1.4	11.4	12.3	4.1	4.3	2.1
Median			10.9	10.3	7.8	7.4	1.4	1.3	11.3	11.3	3.4	3.6	1.7
Diff-% to median			515%	100%	15%	-14%	-70%	-70%	-888%	207%	-100%	-73%	-38%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	451	114	119	112	119	462	115	123	115	122	476	485	495	505
EBITDA	11.2	4.7	3.7	3.4	5.3	17.1	3.8	5.6	5.2	7.0	21.7	29.9	32.4	34.3
Depreciation	-18.7	-4.6	-4.5	-4.8	-4.5	-18.4	-4.5	-4.5	-4.8	-5.0	-18.8	-20.7	-20.6	-19.8
EBIT (excl. NRI)	-2.7	-0.1	0.4	-1.5	-0.4	-1.6	-0.7	1.1	0.4	2.0	2.9	9.2	11.8	14.5
EBIT	-7.5	0.1	-0.8	-1.4	0.8	-1.3	-0.7	1.1	0.4	2.0	2.9	9.2	11.8	14.5
Net financial items	-6.0	-0.8	-1.1	-1.9	-0.3	-4.1	-1.2	-1.2	-1.2	-1.2	-4.8	-4.6	-5.7	-4.8
PTP	-13.5	-0.7	-1.9	-3.3	0.6	-5.3	-1.9	-0.1	-0.8	0.8	-1.9	4.7	6.1	9.8
Taxes	0.7	-0.3	0.0	0.1	0.3	0.1	0.5	0.0	0.2	-0.2	0.5	-1.2	-1.5	-2.4
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
Net earnings	-12.8	-1.0	-1.9	-3.2	0.8	-5.3	-1.4	-0.1	-0.5	0.6	-1.4	3.5	4.6	7.3
EPS (adj.)	-0.14	-0.02	-0.01	-0.06	-0.01	-0.10	-0.02	0.00	-0.01	0.01	-0.02	0.06	0.08	0.13
EPS (rep.)	-0.22	-0.02	-0.03	-0.06	0.01	-0.09	-0.02	0.00	-0.01	0.01	-0.02	0.06	0.08	0.13

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	-8.6 %	-2.7 %	5.3 %	4.8 %	3.1 %	2.6 %	1.4 %	4.0 %	3.0 %	3.0 %	2.9 %	2.0 %	2.0 %	2.0 %
Adjusted EBIT growth-%	-34.6 %	-95.0 %	-119.0 %	-314.3 %	-152.9 %	-42.6 %	583%	182%	-129%	-660%	-286%	218%	28.2 %	22.8 %
EBITDA-%	2.5 %	4.1 %	3.1 %	3.0 %	4.5 %	3.7 %	3.3 %	4.6 %	4.6 %	5.7 %	4.6 %	6.2 %	6.5 %	6.8 %
Adjusted EBIT-%	-0.6 %	-0.1 %	0.3 %	-1.3 %	-0.3 %	-0.3 %	-0.6 %	0.9 %	0.4 %	1.7 %	0.6 %	1.9 %	2.4 %	2.9 %
Net earnings-%	-2.8 %	-0.9 %	-1.6 %	-2.9 %	0.7 %	-1.1 %	-1.2 %	0.0 %	-0.5 %	0.5 %	-0.3 %	0.7 %	0.9 %	1.5 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	148	152	163	163	157
Goodwill	15.5	15.5	15.5	15.5	15.5
Intangible assets	6.1	2.8	2.9	3.0	3.1
Tangible assets	124	131	143	142	136
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.5	0.6	0.5	0.5	0.5
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	2.0	2.3	1.7	1.7	1.7
Current assets	168	158	152	164	148
Inventories	37.9	47.5	45.2	46.1	47.0
Other current assets	9.4	6.6	6.6	6.6	6.6
Receivables	62.3	62.5	61.8	63.1	64.3
Cash and equivalents	58.8	41.3	38.1	48.5	29.7
Balance sheet total	316	310	315	327	305

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	125	118	116	120	123
Share capital	11.9	11.9	11.9	11.9	11.9
Retained earnings	12.3	1.6	0.2	3.7	7.2
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	101	104	104	104	104
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	69.4	67.9	74.3	109	87.4
Deferred tax liabilities	9.4	8.0	8.0	8.0	8.0
Provisions	0.6	0.8	0.8	0.8	0.8
Interest bearing debt	59.2	58.9	65.3	100	78.4
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.2	0.2	0.2	0.2	0.2
Current liabilities	122	125	124	98.0	94.2
Interest bearing debt	43.1	42.9	45.3	17.5	12.1
Payables	75.1	81.8	78.5	80.1	81.7
Other current liabilities	4.0	0.4	0.4	0.4	0.4
Balance sheet total	317	311	315	327	305

DCF calculation

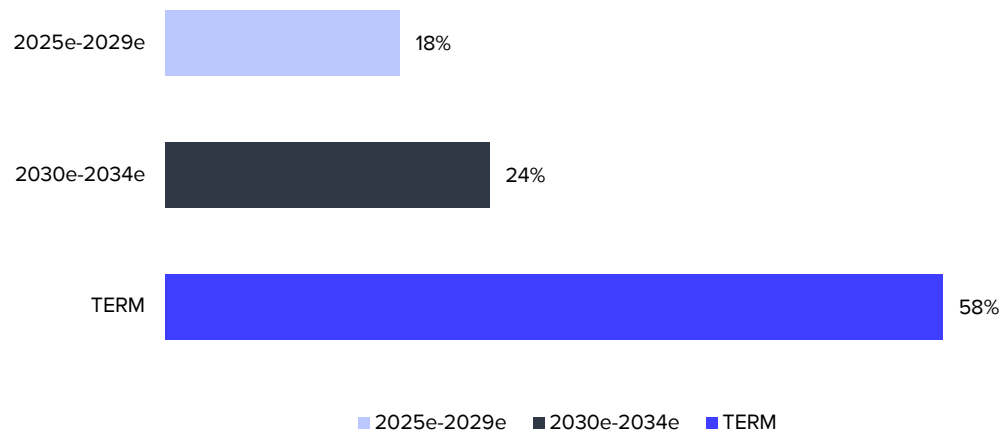
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	2.6 %	2.9 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	-0.3 %	0.6 %	1.9 %	2.4 %	2.9 %	3.0 %	3.5 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %
EBIT (operating profit)	-1.3	2.9	9.2	11.8	14.5	15.4	18.4	21.4	21.9	22.3	22.7	
+ Depreciation	18.4	18.8	20.7	20.6	19.8	19.7	19.0	18.9	18.5	18.4	18.4	
- Paid taxes	-1.6	1.2	-1.2	-1.5	-2.4	-2.8	-3.6	-4.5	-4.7	-4.9	-5.0	
- Tax, financial expenses	0.0	-1.3	-1.1	-1.4	-1.2	-1.1	-1.0	-0.9	-0.8	-0.7	-0.7	
+ 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	-3.8	-0.4	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.7	-0.7	
Operating cash flow	11.7	21.1	27.0	28.9	30.1	30.7	32.2	34.3	34.2	34.5	34.8	
+ Change in other long-term liabilities	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-22.7	-30.0	-20.1	-15.1	-15.1	-15.1	-18.7	-16.1	-18.3	-18.2	-21.0	
Free operating cash flow	-10.8	-8.9	6.9	13.8	15.0	15.6	13.5	18.2	15.9	16.3	13.8	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-10.8	-8.9	6.9	13.8	15.0	15.6	13.5	18.2	15.9	16.3	13.8	221
Discounted FCFF		-8.3	6.0	11.0	11.0	10.6	8.4	10.5	8.5	8.0	6.2	100
Sum of FCFF present value		172	180	174	163	152	141	133	123	114	106	100
Enterprise value DCF		172										
- Interest bearing debt		-102										
+ Cash and cash equivalents		41										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		111										
Equity value DCF per share		1.9										

WACC

Tax-% (WACC)	25.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.0 %
Equity Beta	1.32
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	9.8 %
Weighted average cost of capital (WACC)	8.4 %

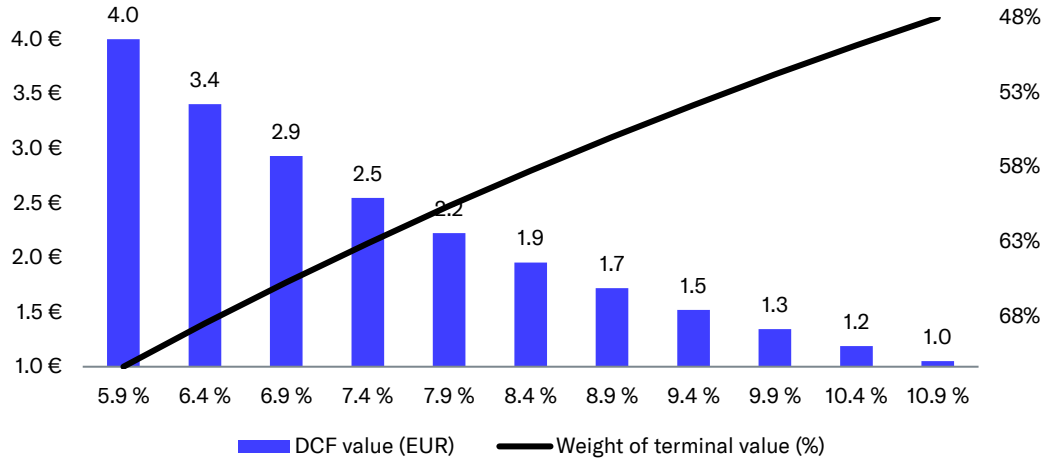
Source: Inderes

Cash flow distribution

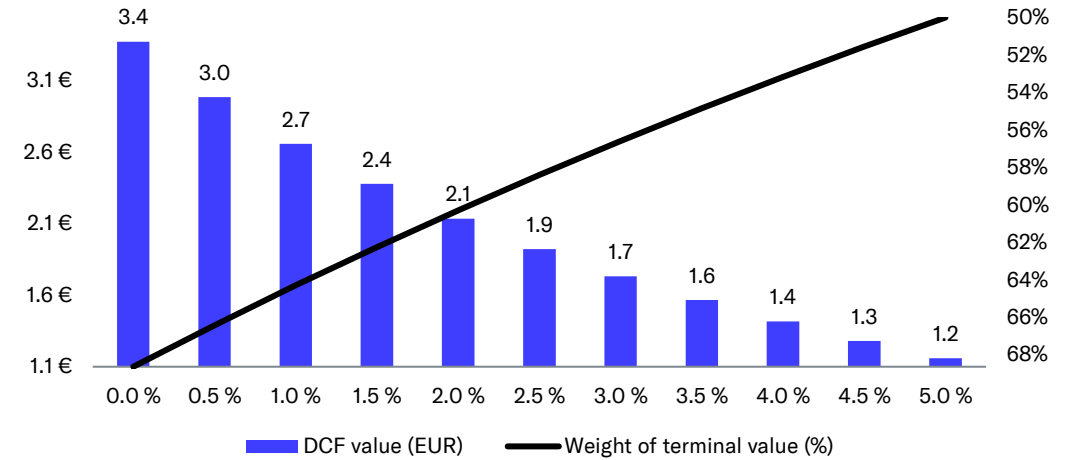


DCF sensitivity calculations and key assumptions in graphs

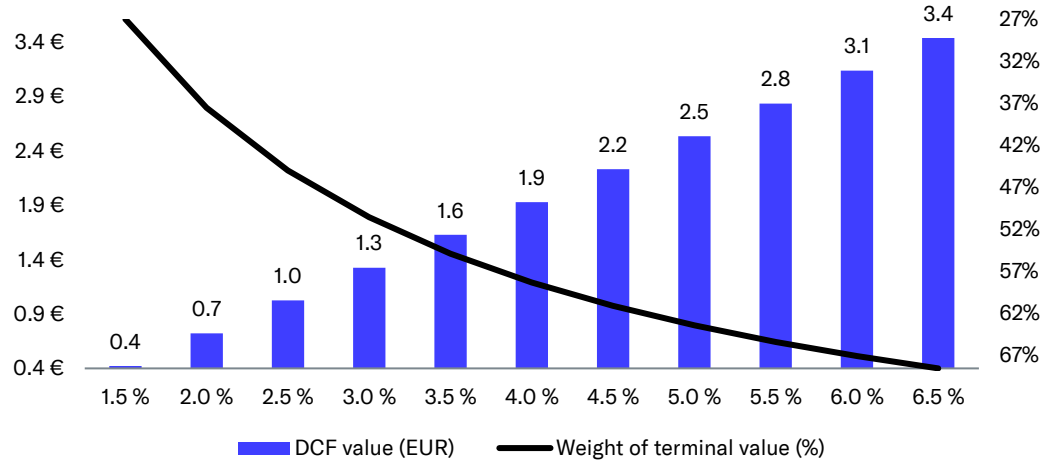
Sensitivity of DCF to changes in the WACC-%



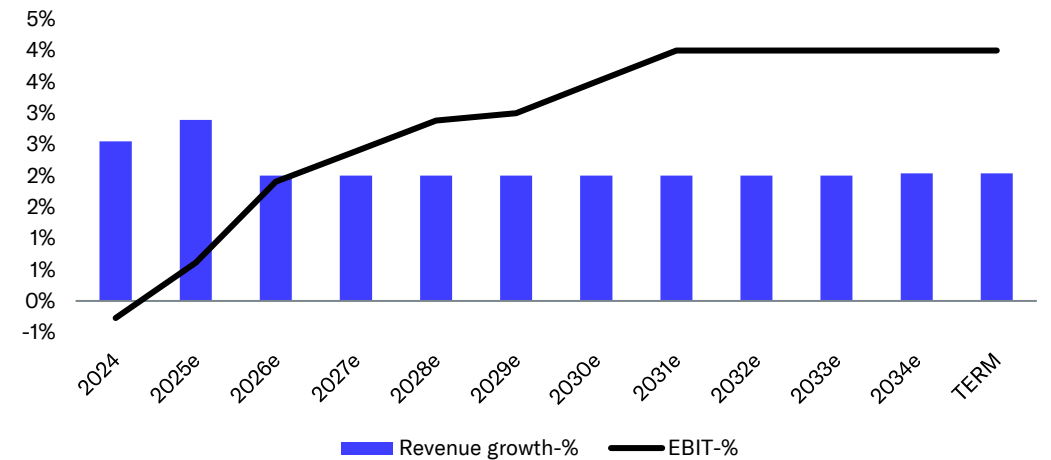
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	493.3	450.8	462.3	475.7	485.2	EPS (reported)	-0.24	-0.22	-0.09	-0.02	0.06
EBITDA	14.3	11.2	17.1	21.7	29.9	EPS (adj.)	-0.16	-0.14	-0.10	-0.02	0.06
EBIT	-9.0	-7.5	-1.3	2.9	9.2	OCF / share	0.31	0.64	0.20	0.37	0.47
PTP	-11.9	-13.5	-5.3	-1.9	4.7	FCF / share	0.13	0.42	-0.19	-0.15	0.12
Net Income	-13.9	-12.8	-5.3	-1.4	3.5	Book value / share	2.54	2.17	2.04	2.01	2.07
Extraordinary items	-4.8	-4.8	0.3	0.0	0.0	Dividend / share	0.10	0.10	0.00	0.00	0.02
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	343.5	316.4	310.4	314.8	326.8	Revenue growth-%	11%	-9%	3%	3%	2%
Equity capital	146.0	124.9	117.6	116.2	119.7	EBITDA growth-%	-70%	-22%	53%	27%	38%
Goodwill	15.5	15.5	15.5	15.5	15.5	EBIT (adj.) growth-%	-115%	-35%	-43%	-286%	218%
Net debt	53.9	43.5	60.5	72.6	69.1	EPS (adj.) growth-%	-151%	-12%	-30%	-75%	-356%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	2.9 %	2.5 %	3.7 %	4.6 %	6.2 %
EBITDA	14.3	11.2	17.1	21.7	29.9	EBIT (adj.)-%	-0.8 %	-0.6 %	-0.3 %	0.6 %	1.9 %
Change in working capital	6.0	28.9	-3.8	-0.4	-0.6	EBIT-%	-1.8 %	-1.7 %	-0.3 %	0.6 %	1.9 %
Operating cash flow	17.7	36.8	11.7	21.1	27.0	ROE-%	-9.0 %	-9.4 %	-4.3 %	-1.2 %	3.0 %
CAPEX	-9.8	-10.8	-22.7	-30.0	-20.1	ROI-%	-3.2 %	-3.2 %	-0.6 %	1.3 %	4.0 %
Free cash flow	7.7	24.4	-10.8	-8.9	6.9	Equity ratio	42.5 %	39.5 %	37.9 %	36.9 %	36.6 %
						Gearing	36.9 %	34.8 %	51.5 %	62.5 %	57.8 %

Source: Inderes

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Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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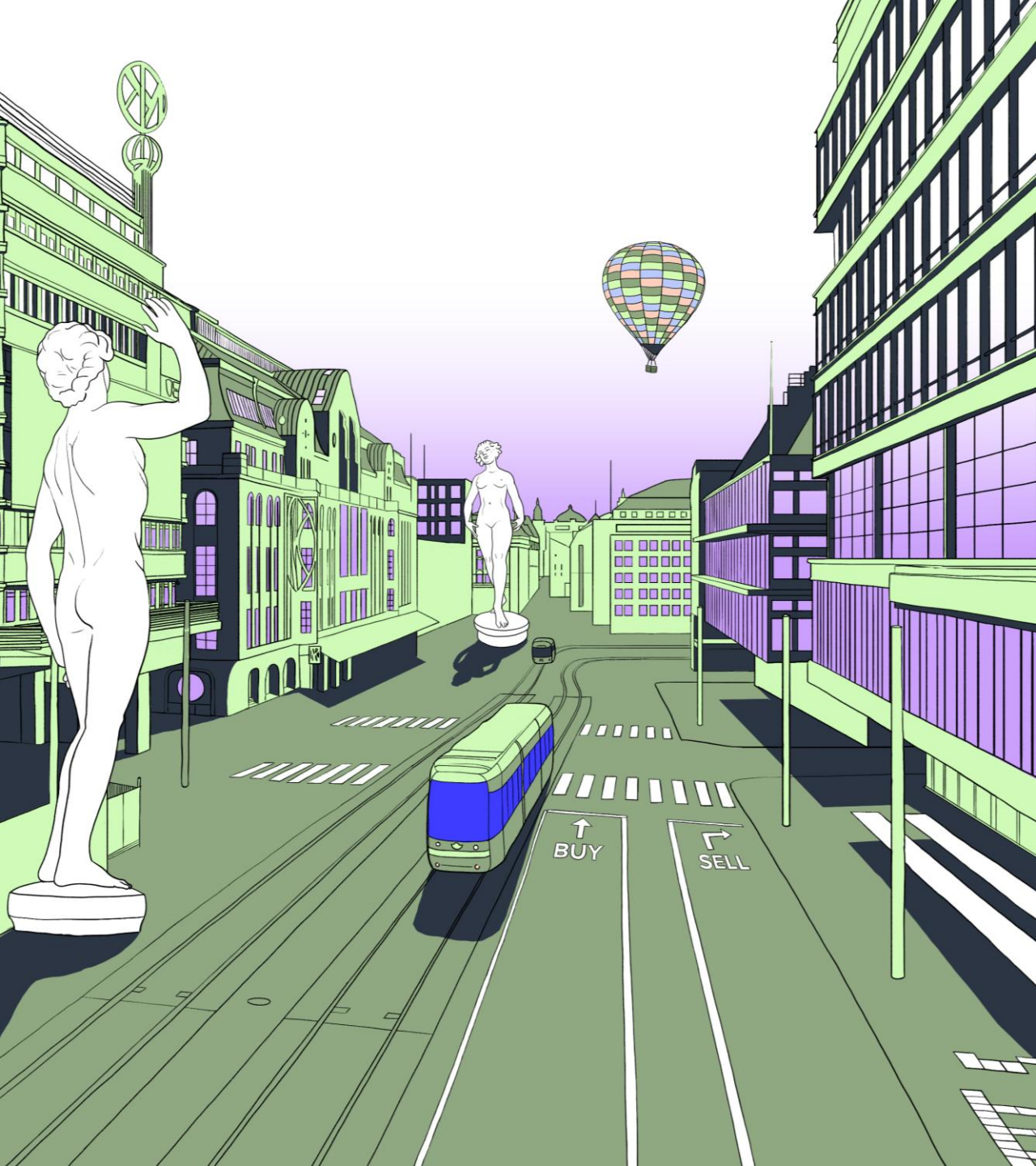
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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
8/8/2019	Reduce	2.40 €	2.48 €
10/23/2019	Reduce	2.25 €	2.33 €
1/30/2020	Reduce	2.35 €	2.48 €
4/24/2020	Accumulate	3.25 €	3.02 €
5/13/2020	Accumulate	3.40 €	3.17 €
6/18/2020	Accumulate	4.00 €	3.69 €
8/13/2020	Accumulate	5.40 €	5.00 €
10/28/2020	Accumulate	5.40 €	5.06 €
2/5/2021	Accumulate	6.00 €	5.74 €
4/29/2021	Accumulate	6.25 €	5.87 €
6/24/2021	Accumulate	6.25 €	5.45 €
8/16/2021	Accumulate	5.60 €	5.27 €
10/29/2021	Accumulate	5.25 €	4.72 €
2/4/2022	Reduce	4.50 €	4.33 €
5/5/2022	Reduce	3.30 €	3.12 €
7/15/2022	Reduce	3.30 €	3.12 €
8/10/2022	Reduce	3.30 €	3.18 €
	Analyst changed		
10/27/2022	Accumulate	3.00 €	2.48 €
12/14/2022	Reduce	3.00 €	3.10 €
1/11/2023	Reduce	3.00 €	3.00 €
2/6/2023	Reduce	3.00 €	3.08 €
5/5/2023	Reduce	2.80 €	2.88 €
8/10/2023	Sell	2.60 €	2.94 €
9/20/2023	Sell	2.60 €	2.84 €
10/30/2023	Reduce	2.60 €	2.66 €
2/7/2024	Reduce	2.50 €	2.66 €
5/8/2024	Reduce	2.50 €	2.56 €
8/12/2024	Reduce	2.45 €	2.68 €
11/7/2024	Sell	2.00 €	2.48 €
3/6/2025	Sell	1.90 €	2.10 €



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