

# United Bankers

## Company report

8/26/2024



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✓ Inderes corporate customer

This report is a summary translation of the report “Tuottopalkkioista tulosennätykseen” published on 8/26/2024 at 8:20 am EEST

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# Record earnings from performance fees

United Bankers' H1 report was better than expected in terms of numbers, with fund performance fees again driving the earnings beat. Forecast changes remained moderate in the wake of the report, although we revised our sales forecasts for the rest of the year down a notch. We expect management fees to continue to grow strongly in the coming years, but the normalization of performance fees will be a bit of a headwind to the result, which we expect to be moderately stable over the next few years. We believe that the valuation of the stock is neutral, so the expected return we forecast is not enough to be positive at the current price level. Therefore, we reiterate our Reduce recommendation and our target price of EUR 19.0.

## Performance fees driving another earnings beat

UB's H1 revenue increased by 34% to 33.0 MEUR, exceeding our forecast of 32.0 MEUR, as Wealth Management's development was stronger than expected due to a strong increase in performance fees (H1'24: 13 MEUR vs. H1'24e: 12 MEUR). Management fees were slightly below our forecasts, but 4% above the comparison period. Expenses in Wealth Management remained well contained, despite being burdened by salary increases implemented at the beginning of the year and general inflation. In contrast, Capital Markets Services had an even quieter start to the year than we had expected, with only 0.6 MEUR in revenue. Due to a very fixed cost structure, the result was close to zero. The group's revenue overshoot flowed into the bottom line with a good ratio, as EBIT rose to 13.5 MEUR, exceeding our forecast of 12.5 MEUR. There were no material surprises on the bottom lines, and EPS landed at EUR 0.96.

## Sluggish fundraising in alternative funds will remain a challenge for the remainder of the year

In the short term, the challenging market environment will put pressure on new sales, especially of alternative funds, but we expect UB's fund assets to continue to grow strongly in the coming years, supported by the latest fund launches. However, we have lowered our sales forecasts for UB's alternative funds for the rest of the year. We have not made any material changes to our fund growth forecasts for the coming years, but growth is expected to be more heavily weighted towards next year than in our previous forecasts. On the other hand, the result is clearly up this year and we forecast that it will remain around this excellent level for the next few years. This is due to performance fees, which we expect to decline somewhat from this year's high level, masking most of the increase in recurring fees. We expect the dividend payout to remain strong, as the company's business growth ties up very limited capital.

## Expected return remains meager at current exchange rate

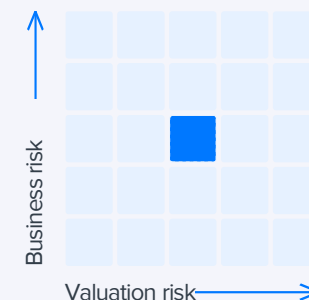
Our forecasts for the current year place UB's P/E ratio (~13x) at the lower end of our accepted range, so we believe there is some upside in the multiples. UB's historical pricing multiples tell the same story, as the company has traded at an average P/E of 14x over the past five years. We believe this level is reasonable and justified by the company's low investment needs, earnings growth prospects, and the current risk level. However, earnings growth will remain modest over our forecast period due to the normalization of performance fees. Overall, we estimate the expected return over the next few years to be close to our 10% ROE requirement. In our view, this is not a sufficient level to justify a positive recommendation. The expected return consists of a dividend yield of around 6% and a moderate increase in multiples. The value of our discounted cash flow model is also in line with the current share price.

## Recommendation

**Reduce**  
(was Reduce)

**19.00 EUR**  
(was 19.00 EUR)

**Share price:**  
19.35



## Key figures

	2023	2024e	2025e	2026e
<b>Revenue</b>	52.2	59.5	60.1	61.9
<b>growth-%</b>	7%	14%	1%	3%
<b>EBIT adj.</b>	16.9	21.5	19.5	19.2
<b>EBIT-% adj.</b>	32.3 %	36.1 %	32.5 %	31.0 %
<b>Net Income</b>	13.3	16.0	14.6	14.3
<b>EPS (adj.)</b>	1.22	1.48	1.34	1.31
<b>P/E (adj.)</b>	11.8	13.1	14.4	14.7
<b>P/B</b>	3.0	3.7	3.5	3.4
<b>Dividend yield-%</b>	6.9 %	5.7 %	6.0 %	6.3 %
<b>EV/EBIT (adj.)</b>	8.7	8.9	9.3	9.4
<b>EV/EBITDA</b>	7.6	8.0	8.3	8.2
<b>EV/S</b>	2.8	3.2	3.0	2.9

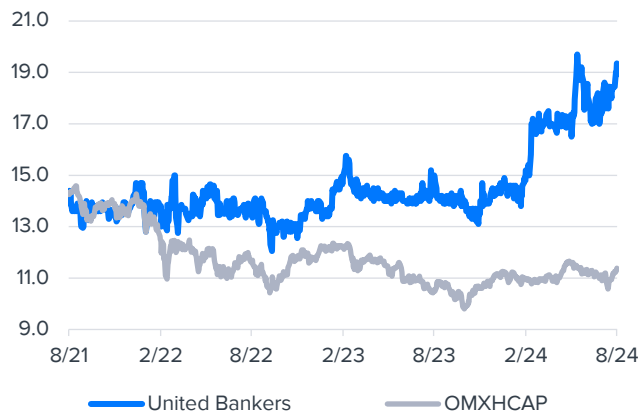
Source: Inderes

## Guidance

(Unchanged)

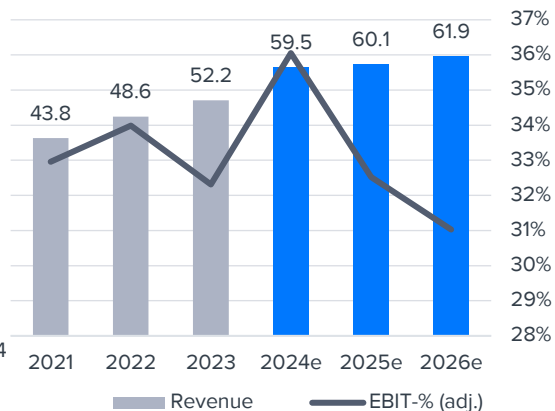
The company expects its operational EBIT to grow clearly from the 2023 level (2023: MEUR 16.9)

## Share price



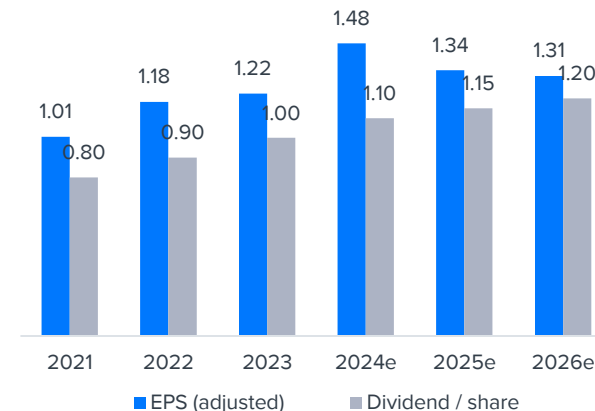
Source: Millstream Market Data AB

## Revenue and EBIT-%



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- New product launches
- Increase in the size of existing products
- Further improvement potential in cost efficiency
- M&A transactions and consolidation of the industry



## Risk factors

- Deterioration of the market situation
- The share of non-recurring revenue is still significant
- Profitability still relatively weak without performance fees

	2024e	2025e	2026e
Share price	19.4	19.4	19.4
Number of shares, millions	10.8	10.9	10.9
Market cap	209	209	209
EV	190	182	180
P/E (adj.)	13.1	14.4	14.7
P/E	13.1	14.4	14.7
P/B	3.7	3.5	3.4
P/S	3.5	3.5	3.4
EV/Sales	3.2	3.0	2.9
EV/EBITDA	8.0	8.3	8.2
EV/EBIT (adj.)	8.9	9.3	9.4
Payout ratio (%)	74.5 %	85.7 %	91.4 %
Dividend yield-%	5.7 %	6.0 %	6.3 %

Source: Inderes

# Performance fee levels exceeded expectations

## Performance fees driving another earnings beat

The H1 report was better than expected in terms of numbers, with revenue increasing by 34% to 33.0 MEUR. The development in Wealth Management was stronger than expected, driven by a strong increase in performance fees. The revenue overshoot flowed into the bottom line with a good ratio and EBIT rose to 13.5 MEUR in the review period, exceeding our forecast of 12.5 MEUR. There were no material surprises on the bottom lines, and EPS landed at EUR 0.96.

## Higher-than-expected results in Wealth Management

In the Wealth Management segment, the first half of the year was slightly stronger than expected. While management fees fell slightly short of our estimates, albeit showing strong year-on-year growth (4%), performance fees surprised positively. The company booked them from its forest funds at a total of

13 MEUR (forecast 12 MEUR). Expenses in Wealth Management remained well contained in the review period, despite being burdened by salary increases implemented at the beginning of the year and general cost inflation.

## Sluggish sales of alternative funds

UB did not make the final close in FIGG in H1 but postponed it until next year. In H1, sales were exceptionally strong in discretionary asset management services (118 MEUR). Total sales to UB's own funds amounted to 93 MEUR.

New information on the development of the fund selection was also provided when UB announced the launch of its first housing fund this year.

## Capital Markets Services continued its subdued trend

Capital Markets Services had an even quieter start to the year than our moderate expectations, with only

0.6 MEUR in revenue. Due to a very fixed cost structure, the result was close to zero. However, we believe there is a mandate base, which should support the segment's outlook for the rest of the year.

The loss in the Other segment, which includes group expenses, was higher than expected as a result of higher personnel expenses related to the notional reduction in the subscription price recorded for the personnel issue.

## Best annual result in history to come

As expected, UB did not touch its guidance for the current year but expects its EBIT to grow significantly from 2023 levels. In our estimation, this means an earnings growth of at least 20%, and therefore EBIT should be at the lower end of the guidance range of at least 20.3 MEUR. After the first half of the year, UB has already achieved almost 70% of this, and we expect UB to deliver by far the best result in its history this year.

Estimates MEUR / EUR	H1'23	H1'24	H1'24e	H1'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	24.7	33.0	32.0				3%	60.6
EBIT (adj.)	7.0	13.5	12.5				8%	22.6
EPS (adj.)	0.50	0.96	0.88				9%	1.57
Revenue growth-%	5.9 %	33.4 %	29.6 %				3.9 pp	14.1 %
EBIT-% (adj.)	28.3 %	40.9 %	39.0 %				1.9 pp	37.3 %

Source: Inderes

Watch our CEO interview:



# Forecast revisions remain limited

## Estimate changes:

- We have slightly lowered our sales forecasts for UB's alternative funds for the rest of the year, as fundraising has been slower than usual in the first half, slightly lowering our forecasts for the current year. Most of this is attributable to the postponement of the final close of the latest private equity fund until next year, which will defer the resulting one-off management fees by a year. We have not made any significant changes to our fund growth forecasts for the coming years, but growth is expected to be more heavily weighted towards next year than in our previous forecasts.
- Our operating expense forecasts remain virtually unchanged, but we have revised our forecasts for Wealth Management fee and commission expenses slightly upwards.
- Overall, our cumulative revenue forecast for 2024-2026 decreased by a modest 3%. As a result, our view of UB's earnings trajectory in the coming years remains virtually unchanged after the H1 report.

## Operational earnings drivers:

- In our forecasts, the company's earnings growth is driven by AUM growth in Wealth Management, especially in strategically important funds (FIGG, NFF, Renewable Energy and Forest). Real estate funds will slowly start to support growth from 2025 onwards, but the level of sales is more modest in our estimates than in previous years. As a result of strong new sales, we forecast management fees to increase by an annual average of over 10% in 2024-2027. In addition, the latest funds should also finally significantly increase their profitability based on ongoing fees.
- Over the next few years, we expect performance fees to remain below the 2022-2024 peak levels, which will bury the strong growth in management fees. However, we do not expect a significant decline in the level of performance fees.
- We expect a slight dip in the result in 2025, after which we forecast EPS growth of around 5% between 2025 and 2027.
- We expect the dividend payout to remain strong, as the company's business growth ties up very limited capital. We forecast a payout ratio of around 80% in the coming years. The company's own target is to pay an annual dividend of at least 70% of EPS.

Estimate revisions MEUR / EUR	2024e			2025e			2026e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
Revenue	60.6	59.5	-2%	59.1	60.1	2%	62.6	61.9	-1%
EBIT (exc. NRIs)	22.6	21.5	-5%	19.1	19.5	2%	20.3	19.2	-6%
EBIT	22.6	21.5	-5%	19.1	19.5	2%	20.3	19.2	-6%
EPS (excl. NRIs)	1.57	1.48	-6%	1.30	1.34	3%	1.39	1.31	-5%
DPS	1.10	1.10	0%	1.15	1.15	0%	1.20	1.20	0%

Source: Inderes

# Expected return remains poor at current exchange rate

We have examined the valuation of UB using a discounted cash flow model (DCF) and valuation multiples. Our key valuation metrics suggest that the stock is fairly neutrally valued as a result of the recent rise in the share price. The different methods are also all quite well aligned with our target price of EUR 19.0.

## Expected return remains meager at current exchange rate

Our forecasts for the current year place UB's P/E ratio (~13x) at the lower end of our accepted range, so we believe there is some upside in the multiples. UB's historical pricing multiples tell the same story, as the company has traded at an average P/E of 14x over the past five years. We believe this level is reasonable and justified by the company's low investment needs, earnings growth prospects, and the current risk level.

However, earnings growth will remain modest over our forecast period due to the normalization of performance fees. Overall, we estimate the expected return over the next few years to be close to our 10% ROE requirement. In our view, this is not a sufficient level to justify a positive recommendation. The expected return consists of a dividend yield of around 6% and a moderate increase in multiples.

Investors should also note that the level of performance fees is quite high in our estimates (~20% of operating income), which is a key forecast risk for the stock. Dividend payouts, in turn, are supported by low investment needs.

## Cash flow model supports our view

In our DCF calculation, we assume that UB's revenue growth will slow significantly from its historical level of around 16% (2018-2023) in the coming years, with a slight headwind from the normalization of performance

fees. However, with a growing market and a strong product offering, we expect growth to continue well into the future. Our terminal period growth assumption is 2.5%, which corresponds to our estimate of the long-term average nominal growth rate of Finland's GDP.

We expect relative profitability to hover around the 2023 level for the next several years, declining steadily toward our terminal-period EBIT margin forecast of 27%. The level is moderate compared to the company's current performance and potential, but also includes a safety margin to mitigate forecast risks. However, the level is significantly higher than in the years before the COVID pandemic.

UB's business investment needs are relatively modest, so most of the fiscal year's earnings will be returned to shareholders as free cash flow throughout the forecast period.

We apply a 10% ROE requirement to UB, which is moderately in line with the company's main peers. With UB, the required return is increased in particular by the forecast risks associated with performance fees. Therefore, a lower level would also be justified if UB is able to demonstrate that the current level of earnings is sustainable and to shift the earnings focus even more towards recurring income.

Our DCF model (p. 12) indicates that the value of UB's share is around EUR 19.7 (previously EUR 19.5). The level is in line with the current share price, and we also believe it gives a good indication of the fair value of the company.

	2024e	2025e	2026e
Share price	19.4	19.4	19.4
Number of shares, millions	10.8	10.9	10.9
Market cap	209	209	209
EV	190	182	180
P/E (adj.)	13.1	14.4	14.7
P/E	13.1	14.4	14.7
P/B	3.7	3.5	3.4
P/S	3.5	3.5	3.4
EV/Sales	3.2	3.0	2.9
EV/EBITDA	8.0	8.3	8.2
EV/EBIT (adj.)	8.9	9.3	9.4
Payout ratio (%)	74.5 %	85.7 %	91.4 %
Dividend yield-%	5.7 %	6.0 %	6.3 %

Source: Inderes

# Summary of estimates

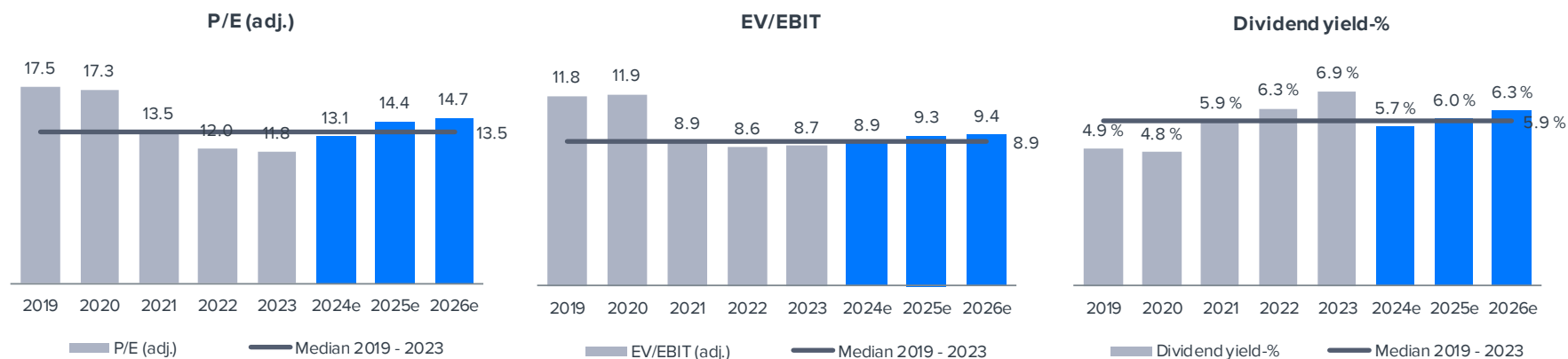
MEUR	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
<b>Fee and commission income</b>	<b>29.1</b>	<b>32.2</b>	<b>34.3</b>	<b>43.4</b>	<b>48.3</b>	<b>49.4</b>	<b>56.4</b>	<b>57.4</b>	<b>59.8</b>	<b>65.3</b>
Funds	14.9	20.8	24.3	32.7	39.0	40.8	46.1	45.7	47.8	52.9
<i>Management fees</i>	10.2	13.3	15.5	19.3	23.1	25.9	27.8	32.8	35.2	39.9
<i>Performance fees</i>	3.7	5.7	7.0	11.5	14.4	13.6	17.1	11.0	11.0	11.0
<i>Subscription and redemption</i>	1.0	1.9	1.7	1.9	1.5	1.3	1.2	1.9	1.6	2.0
Asset management	3.2	4.1	4.6	6.5	5.4	5.2	6.1	6.0	6.3	6.7
Structured investment	5.4	3.2	2.0	1.2	2.2	2.5	2.3	2.3	2.3	2.3
Capital markets services	5.5	4.1	3.4	3.1	1.7	1.0	2.0	3.5	3.5	3.5
Other income	0.6	0.3	0.0	0.4	0.3	2.7	3.1	2.7	2.1	1.7
<b>Income from investment services</b>	<b>29.7</b>	<b>32.5</b>	<b>34.4</b>	<b>43.8</b>	<b>48.6</b>	<b>52.2</b>	<b>59.5</b>	<b>60.1</b>	<b>61.9</b>	<b>67.0</b>
Fee and commission expenses	-3.9	-4.5	-4.6	-5.3	-5.1	-4.8	-5.4	-5.8	-6.3	-6.9
<b>Net fee and commission income</b>	<b>25.8</b>	<b>28.0</b>	<b>29.7</b>	<b>38.5</b>	<b>43.4</b>	<b>47.3</b>	<b>54.2</b>	<b>54.2</b>	<b>55.7</b>	<b>60.1</b>
Personnel expenses	-12.1	-14.0	-14.0	-16.3	-17.5	-19.0	-20.6	-22.4	-23.8	-25.4
Other expenses	-8.3	-8.1	-7.4	-8.0	-9.4	-11.4	-12.1	-12.3	-12.6	-13.0
<b>Operating profit</b>	<b>5.4</b>	<b>5.9</b>	<b>8.3</b>	<b>14.3</b>	<b>16.5</b>	<b>17.0</b>	<b>21.5</b>	<b>19.5</b>	<b>19.2</b>	<b>21.7</b>
NRIs	0.0	-0.8	-0.2	-0.1	0.0	0.1	0.0	0.0	0.0	0.0
<b>Comparable EBIT-%</b>	<b>18.1 %</b>	<b>18.3 %</b>	<b>24.3 %</b>	<b>32.7 %</b>	<b>33.9 %</b>	<b>32.6 %</b>	<b>36.1 %</b>	<b>32.5 %</b>	<b>31.0 %</b>	<b>32.4 %</b>
Personnel expenses/employee (tEUR)	-92	-102	-108	-119	-118	-119	-124	-131	-136	-140
Personnel (FTE)	130	135	129	137	148	160	166	171	176	181
<b>Assets under management (MEUR)</b>	<b>2900</b>	<b>3565</b>	<b>3772</b>	<b>4800</b>	<b>4411</b>	<b>4585</b>	<b>4801</b>	<b>5211</b>	<b>5541</b>	<b>5996</b>
Private equity funds	441	708	806	990	1254	1409	1369	1704	1949	2319
Traditional funds	729	875	859	1108	718	845	1037	1117	1207	1297
Other fund capital	668	752	560	682	630	635	560	530	500	470
Asset management	1062	1230	415	530	441	367	400	425	450	475
Other assets under management				1490	1367	1330	1435	1435	1435	1435
<b>Funds' fee income / fund AUM (%)</b>	<b>0.81%</b>	<b>0.89%</b>	<b>1.09%</b>	<b>1.17%</b>	<b>1.50%</b>	<b>1.41%</b>	<b>1.55%</b>	<b>1.36%</b>	<b>1.31%</b>	<b>1.30%</b>
<b>Management fees / fund AUM (%)</b>	<b>0.56%</b>	<b>0.57%</b>	<b>0.70%</b>	<b>0.69%</b>	<b>0.89%</b>	<b>0.90%</b>	<b>0.94%</b>	<b>0.98%</b>	<b>0.96%</b>	<b>0.98%</b>
<b>Share of recurring income*</b>	<b>46%</b>	<b>54%</b>	<b>59%</b>	<b>59%</b>	<b>59%</b>	<b>63%</b>	<b>60%</b>	<b>68%</b>	<b>69%</b>	<b>71%</b>
<b>Share of non-recurring income</b>	<b>54%</b>	<b>46%</b>	<b>41%</b>	<b>41%</b>	<b>41%</b>	<b>37%</b>	<b>40%</b>	<b>32%</b>	<b>31%</b>	<b>29%</b>

\*Recurring income = fund management fees + wealth management fees

# Valuation table

	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	8.80	10.7	13.6	14.2	14.4	19.4	19.4	19.4	19.4
Number of shares, millions	10.4	10.4	10.4	10.6	10.8	10.8	10.9	10.9	11.0
Market cap	92	112	141	151	155	209	209	209	209
EV	79	102	129	142	147	190	182	180	176
P/E (adj.)	17.5	17.3	13.5	12.0	11.8	13.1	14.4	14.7	13.0
P/E	20.7	17.9	13.7	12.0	11.7	13.1	14.4	14.7	13.0
P/B	2.5	2.9	3.2	3.2	3.0	3.7	3.5	3.4	3.3
P/S	2.8	3.3	3.2	3.1	3.0	3.5	3.5	3.4	3.1
EV/Sales	2.4	3.0	2.9	2.9	2.8	3.2	3.0	2.9	2.6
EV/EBITDA	10.4	10.2	8.1	7.7	7.6	8.0	8.3	8.2	7.2
EV/EBIT (adj.)	11.8	11.9	8.9	8.6	8.7	8.9	9.3	9.4	8.1
Payout ratio (%)	101.2 %	85.4 %	80.3 %	76.4 %	81.1 %	74.5 %	85.7 %	91.4 %	84.1 %
Dividend yield-%	4.9 %	4.8 %	5.9 %	6.3 %	6.9 %	5.7 %	6.0 %	6.3 %	6.5 %

Source: Inderes





# Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Alexandria	87	86	7.9	7.7	6.6	6.4	1.9	1.7	10.7	11.2	7.2	7.7	2.6
Aktia	685								7.3	7.7	8.8	8.5	1.0
CapMan	321	382	11.5	8.2	11.6	8.3	5.2	4.7	16.4	10.2	6.6	9.6	2.0
eQ	573	544	14.3	12.1	13.9	11.8	7.8	6.9	19.0	16.3	5.5	6.3	7.5
Evli	499	495	10.8	10.7	7.7	9.5	3.9	4.5	15.0	14.7	7.7	8.1	3.5
Taaleri	246	243	7.0	6.5	6.9	6.4	3.7	3.4	10.2	10.4	6.1	6.3	1.2
Titanium	115	101	10.6	10.6	9.9	9.8	4.5	4.4	15.1	15.1	7.4	7.4	6.7
<b>United Bankers (Inderes)</b>	<b>209</b>	<b>182</b>	<b>8.9</b>	<b>9.3</b>	<b>8.0</b>	<b>8.3</b>	<b>3.2</b>	<b>3.0</b>	<b>13.1</b>	<b>14.4</b>	<b>5.7</b>	<b>6.0</b>	<b>3.7</b>
<b>Average</b>			<b>10.3</b>	<b>9.3</b>	<b>9.4</b>	<b>8.7</b>	<b>4.5</b>	<b>4.2</b>	<b>13.4</b>	<b>12.2</b>	<b>7.0</b>	<b>7.7</b>	<b>3.5</b>
<b>Median</b>			<b>10.7</b>	<b>9.4</b>	<b>8.8</b>	<b>8.9</b>	<b>4.2</b>	<b>4.4</b>	<b>15.0</b>	<b>11.2</b>	<b>7.2</b>	<b>7.7</b>	<b>2.6</b>
<i>Diff-% to median</i>			<b>-17%</b>	<b>-1%</b>	<b>-9%</b>	<b>-7%</b>	<b>-24%</b>	<b>-31%</b>	<b>-12%</b>	<b>28%</b>	<b>-21%</b>	<b>-22%</b>	<b>45%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2022	H1'23	H2'23	2023	H1'24	H2'24e	2024e	2025e	2026e	2027e
Revenue	48.6	24.7	27.5	52.2	33.0	26.5	59.5	60.1	61.9	67.0
EBITDA	18.4	8.0	11.2	19.2	14.7	9.1	23.9	22.1	21.9	24.5
Depreciation	-1.9	-1.0	-1.2	-2.2	-1.2	-1.2	-2.4	-2.5	-2.7	-2.8
EBIT (excl. NRI)	16.5	7.0	9.9	16.9	13.5	7.9	21.5	19.5	19.2	21.7
EBIT	16.5	7.0	10.0	17.0	13.5	7.9	21.5	19.5	19.2	21.7
Net financial items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PTP	16.5	7.0	10.0	17.0	13.5	7.9	21.5	19.5	19.2	21.7
Taxes	-3.6	-1.6	-1.6	-3.1	-3.0	-1.7	-4.6	-4.1	-4.0	-4.6
Minority interest	-0.3	-0.1	-0.5	-0.5	-0.2	-0.6	-0.8	-0.8	-0.8	-0.8
Net earnings	12.5	5.4	7.9	13.3	10.3	5.7	16.0	14.6	14.3	16.3
EPS (adj.)	1.18	0.50	0.73	1.22	0.96	0.52	1.48	1.34	1.31	1.49
EPS (rep.)	1.18	0.50	0.74	1.23	0.96	0.52	1.48	1.34	1.31	1.49

Key figures	2022	H1'23	H2'23	2023	H1'24	H2'24e	2024e	2025e	2026e	2027e
Revenue growth-%	10.9 %	5.9 %	9.0 %	7.5 %	33.5 %	-3.4 %	14.1 %	0.9 %	3.1 %	8.2 %
Adjusted EBIT growth-%	14.4 %	-5.9 %	8.8 %	2.2 %	93.2 %	-19.5 %	27.3 %	-9.0 %	-1.6 %	13.0 %
EBITDA-%	37.9 %	32.3 %	40.7 %	36.7 %	44.6 %	34.5 %	40.1 %	36.7 %	35.3 %	36.6 %
Adjusted EBIT-%	34.0 %	28.3 %	35.9 %	32.3 %	40.9 %	30.0 %	36.1 %	32.5 %	31.0 %	32.4 %
Net earnings-%	25.8 %	21.7 %	28.8 %	25.5 %	31.2 %	21.4 %	26.8 %	24.3 %	23.2 %	24.4 %

Source: Inderes

# Balance sheet

Assets	2022	2023	2024e	2025e	2026e
<b>Non-current assets</b>	<b>32.0</b>	<b>32.8</b>	<b>33.7</b>	<b>34.6</b>	<b>35.4</b>
Goodwill	15.6	15.6	15.6	15.6	15.6
Intangible assets	5.1	6.1	7.1	8.2	9.1
Tangible assets	2.7	2.9	2.7	2.5	2.4
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	8.6	8.2	8.2	8.2	8.2
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
<b>Current assets</b>	<b>39.6</b>	<b>43.3</b>	<b>49.3</b>	<b>52.1</b>	<b>54.2</b>
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	28.8	32.7	27.7	22.7	22.7
Receivables	1.2	1.2	1.5	1.5	1.5
Cash and equivalents	9.5	9.4	20.1	27.8	30.0
<b>Balance sheet total</b>	<b>71.6</b>	<b>76.1</b>	<b>83.0</b>	<b>86.6</b>	<b>89.6</b>

Source: Inderes

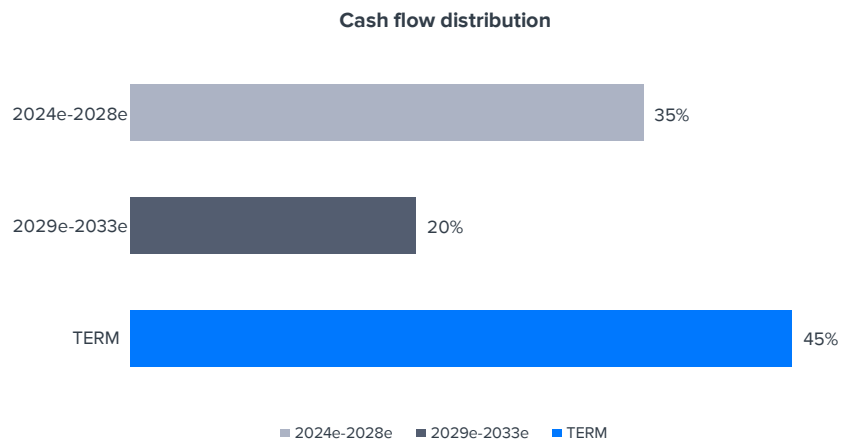
Liabilities & equity	2022	2023	2024e	2025e	2026e
<b>Equity</b>	<b>48.1</b>	<b>51.6</b>	<b>57.6</b>	<b>61.1</b>	<b>63.8</b>
Share capital	5.5	5.5	5.5	5.5	5.5
Retained earnings	17.6	22.8	28.0	30.7	32.5
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	24.6	22.9	22.9	22.9	22.9
Other equity	0.0	0.0	0.0	0.0	0.0
Minorities	0.4	0.4	1.3	2.1	2.9
<b>Non-current liabilities</b>	<b>2.5</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>
Deferred tax liabilities	2.5	3.0	3.0	3.0	3.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	0.0	0.0	0.0	0.0	0.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>21.0</b>	<b>21.5</b>	<b>22.4</b>	<b>22.5</b>	<b>22.8</b>
Interest bearing debt	0.0	0.0	0.0	0.0	0.0
Payables	7.8	8.1	8.9	9.0	9.3
Other current liabilities	13.2	13.5	13.5	13.5	13.5
<b>Balance sheet total</b>	<b>71.6</b>	<b>76.1</b>	<b>83.0</b>	<b>86.6</b>	<b>89.6</b>

# DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	7.5 %	14.1 %	0.9 %	3.1 %	8.2 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	2.5 %	2.5 %
EBIT-%	32.5 %	36.1 %	32.5 %	31.0 %	32.4 %	33.0 %	30.0 %	28.0 %	28.0 %	27.0 %	27.0 %	27.0 %
<b>EBIT (operating profit)</b>	<b>17.0</b>	<b>21.5</b>	<b>19.5</b>	<b>19.2</b>	<b>21.7</b>	<b>22.8</b>	<b>21.3</b>	<b>20.5</b>	<b>21.1</b>	<b>21.0</b>	<b>21.5</b>	
+ Depreciation	2.2	2.4	2.5	2.7	2.8	3.0	3.1	3.3	3.4	3.5	3.6	
- Paid taxes	-2.6	-4.6	-4.1	-4.0	-4.6	-4.8	-4.5	-4.3	-4.4	-4.4	-4.5	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ 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	-3.4	5.6	5.1	0.2	0.6	0.3	0.3	0.3	0.3	0.3	0.2	
<b>Operating cash flow</b>	<b>13.2</b>	<b>24.8</b>	<b>23.0</b>	<b>18.1</b>	<b>20.6</b>	<b>21.2</b>	<b>20.2</b>	<b>19.7</b>	<b>20.3</b>	<b>20.4</b>	<b>20.8</b>	
+ Change in other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-3.0	-3.3	-3.4	-3.4	-3.6	-3.6	-3.8	-3.8	-3.9	-3.9	-3.9	
<b>Free operating cash flow</b>	<b>10.2</b>	<b>21.5</b>	<b>19.6</b>	<b>14.6</b>	<b>17.0</b>	<b>17.6</b>	<b>16.4</b>	<b>15.9</b>	<b>16.5</b>	<b>16.4</b>	<b>17.0</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	10.2	21.5	19.6	14.6	17.0	17.6	16.4	15.9	16.5	16.4	17.0	232
<b>Discounted FCFF</b>		<b>20.8</b>	<b>17.2</b>	<b>11.7</b>	<b>12.3</b>	<b>11.6</b>	<b>9.8</b>	<b>8.7</b>	<b>8.2</b>	<b>7.4</b>	<b>7.0</b>	<b>95.0</b>
Sum of FCFF present value		210	189	172	160	148	136	126	118	109	102	95.0
<b>Enterprise value DCF</b>		<b>210</b>										
- Interest bearing debt		0.0										
+ Cash and cash equivalents		9.4										
-Minorities		-0.8										
-Dividend/capital return		-5.4										
<b>Equity value DCF</b>		<b>213</b>										
<b>Equity value DCF per share</b>		<b>19.7</b>										

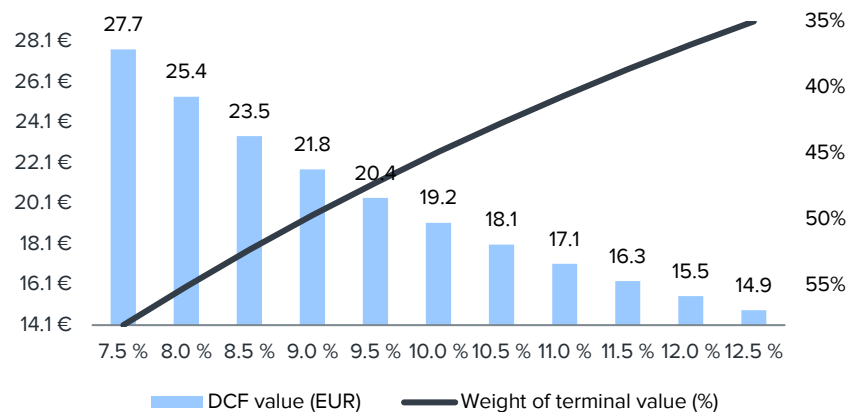
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	5.0 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	1.80%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>10.0 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>10.0 %</b>

Source: Inderes

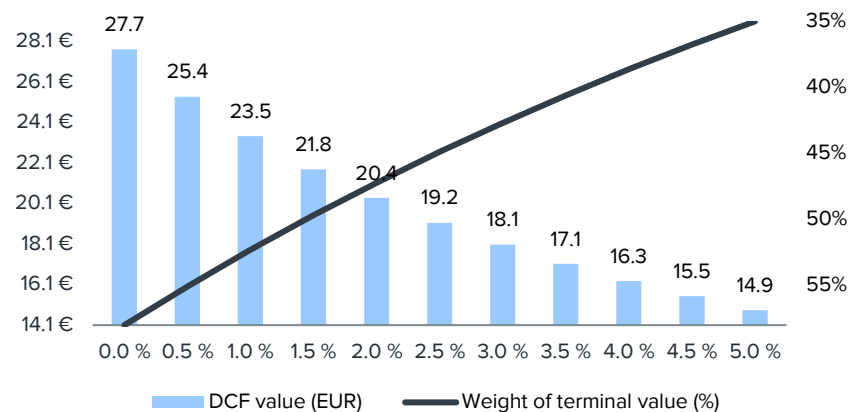


# DCF sensitivity calculations and key assumptions in graphs

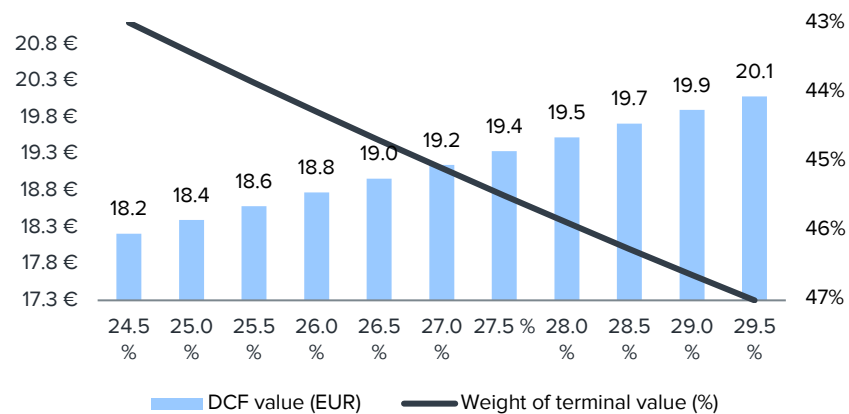
Sensitivity of DCF to changes in the WACC-%



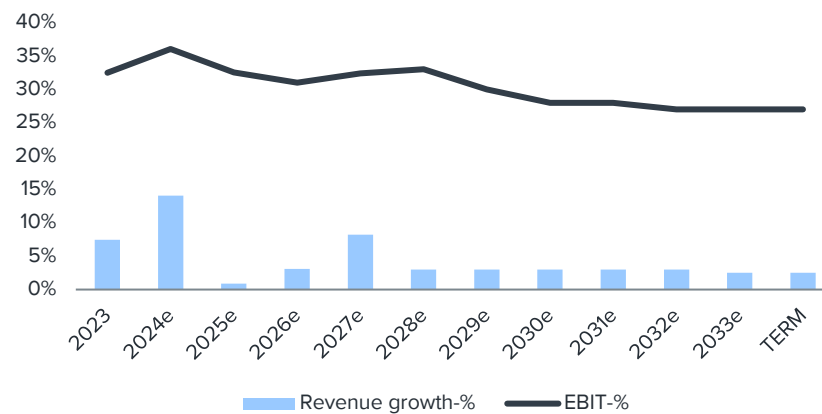
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



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

# Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	43.8	48.6	52.2	59.5	60.1	EPS (reported)	1.00	1.18	1.23	1.48	1.34
EBITDA	15.9	18.4	19.2	23.9	22.1	EPS (adj.)	1.01	1.18	1.22	1.48	1.34
EBIT	14.3	16.5	17.0	21.5	19.5	OCF / share	1.37	0.74	1.22	2.30	2.12
PTP	14.3	16.5	17.0	21.5	19.5	FCF / share	0.90	0.53	0.94	1.99	1.80
Net Income	10.3	12.5	13.3	16.0	14.6	Book value / share	4.19	4.50	4.75	5.21	5.43
Extraordinary items	-0.1	0.0	0.1	0.0	0.0	Dividend / share	0.80	0.90	1.00	1.10	1.15
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	78.2	71.6	76.1	83.0	86.6	Revenue growth-%	27%	11%	7%	14%	1%
Equity capital	44.3	48.1	51.6	57.6	61.1	EBITDA growth-%	58%	16%	4%	25%	-8%
Goodwill	15.6	15.6	15.6	15.6	15.6	EBIT (adj.) growth-%	68%	14%	2%	27%	-9%
Net debt	-13.1	-9.5	-9.4	-20.1	-27.8	EPS (adj.) growth-%	62%	17%	4%	21%	-9%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	36.3 %	37.9 %	36.7 %	40.1 %	36.7 %
EBITDA	15.9	18.4	19.2	23.9	22.1	EBIT (adj.)-%	33.0 %	34.0 %	32.3 %	36.1 %	32.5 %
Change in working capital	1.4	-8.1	-3.4	5.6	5.1	EBIT-%	32.7 %	34.0 %	32.5 %	36.1 %	32.5 %
Operating cash flow	14.2	7.8	13.2	24.8	23.0	ROE-%	25.1 %	27.5 %	26.9 %	29.7 %	25.3 %
CAPEX	-4.8	-2.3	-3.0	-3.3	-3.4	ROI-%	32.8 %	35.0 %	34.1 %	39.3 %	32.9 %
Free cash flow	9.4	5.6	10.2	21.5	19.6	Equity ratio	56.7 %	67.1 %	67.8 %	69.4 %	70.6 %
						Gearing	-29.5 %	-19.8 %	-18.1 %	-34.9 %	-45.5 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	2.9	2.9	2.8	3.2	3.0						
EV/EBITDA	8.1	7.7	7.6	8.0	8.3						
EV/EBIT (adj.)	8.9	8.6	8.7	8.9	9.3						
P/E (adj.)	13.5	12.0	11.8	13.1	14.4						
P/B	3.2	3.2	3.0	3.7	3.5						
Dividend-%	5.9 %	6.3 %	6.9 %	5.7 %	6.0 %						

Source: Inderes

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Date	Recommendation	Target	Share price
8/23/2019	Reduce	7.50 €	7.40 €
12/16/2019	Sell	8.20 €	9.35 €
12/20/2019	Sell	8.20 €	8.95 €
2/7/2020	Reduce	9.00 €	9.45 €
3/3/2020	Reduce	9.00 €	8.90 €
3/23/2020	Reduce	6.40 €	6.90 €
5/14/2020	Reduce	7.50 €	7.75 €
6/8/2020	Reduce	8.00 €	7.95 €
8/27/2020	Reduce	8.80 €	9.00 €
10/26/2020	Reduce	9.00 €	9.30 €
2/22/2021	Reduce	11.00 €	12.80 €
5/26/2021	Reduce	13.00 €	13.15 €
8/27/2021	Reduce	12.50 €	14.30 €
9/24/2021	Reduce	14.00 €	13.60 €
2/21/2022	Reduce	14.00 €	13.95 €
4/11/2022	Reduce	14.00 €	13.70 €
8/29/2022	Reduce	14.00 €	13.85 €
2/6/2023	Accumulate	16.00 €	14.30 €
2/20/2023	Accumulate	16.00 €	14.80 €
8/25/2023	Accumulate	16.00 €	14.80 €
2/19/2024	Accumulate	17.00 €	14.60 €
3/7/2024	Accumulate	19.00 €	17.00 €
6/26/2024	Reduce	19.00 €	18.55 €
8/26/2024	Reduce	19.00 €	19.35 €



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