

Purmo Group

Company report

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This report is a summary translation of the report "Tasainen tulostilanne tälle vuodelle on helpotus" published on 02/09/2023 at 9:34 pm

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Stable earnings outlook for this year is a relief

Purmo's Q4 result was mainly in line with the company's previous estimates and decreased clearly from the comparison period, but exceeded our expectations. The company's guidance for 2023 is adjusted EBITDA at roughly 2022 level which we feel was a relief. However, our estimate changes were minor and our 2023 estimate is at the lower end of the range. We consider the company's valuation to be neutral, but earnings growth expectations and dividend yield provide a sufficient expected return. We reiterate our Accumulate recommendation and lower our target price to EUR 9.5 (previously EUR 10).

Q4 result fell from the comparison period as expected, but exceeded our estimate slightly

The net sales of Purmo's Radiator segment decreased by 25% due to a strong volume decrease (33%) caused by both a drop in construction activity and distributors' destocking. This was expected and had been communicated clearly by the company and also its competitors. Our expectation for the drop was 22%. Net sales of the ICS division increased by 25% from the comparison period, which was better than our estimate (20%). This was, however, still supported, especially by the Italian market and partly by the acquisition (8 percentage points). Overall Purmo's net sales decreased by 7%, fully in line with our expectations. The decline in net sales/volumes in Radiators also depressed earnings and margins as expected. At Group level, adjusted EBITDA was EUR 16 million (Q4'22e: 14 MEUR) clearly below the comparison period (23 MEUR). The adjusted EBITDA for 2022 was EUR 93 million, which was well in line with the company's guidance from November (88-96 MEUR). Thus, overall the last quarter progressed more or less in line with the outlook provided by the company in November. As we expected, the dividend remained at EUR 0.36.

Guidance on adjusted EBITDA remaining at last year's level was a relief

Purmo expects the radiator market to decrease by some 5% in 2023. Demand is also expected to weaken in indoor climate solutions in 2023 due to the decrease in greenfield construction activity and Purmo expects the market to fall slightly more than in radiators, as 2022 was still strong for this market. However, the company does not provide guidance on net sales development. We expect a drop of around 5% in net sales this year. However, the company's guidance is that 2023 adjusted EBITDA will be at the same level as in 2022, i.e. around EUR 93 million. Purmo said this means a +/- 5% change, or a range of about EUR 88-97.5 million. We raised our estimates marginally and are now at the bottom end of the guidance range. Earnings development is supported by, e.g., the efficiency program launched by Purmo in the fall, as well as the easing/reversal of raw material inflation and the delay in following price increases. Our estimate changes are very small at operational level, 1-2% for 2023-24. We raised our non-recurring cost estimate for 2023, which further depresses already low reported figures. In 2024, we expect the company to return to strong earnings growth as net sales turns to growth.

2023 valuation multiples are neutral, earnings growth from 2024 and dividend yield drive expected return

We feel that 2023 earnings-based ratios (P/E 11x, EV/EBIT 11x) are quite neutral. The company's acceptable valuation is limited by the subdued growth potential in radiators and the return on capital of about 10%. However, expected earnings growth in 2024 will push multiples (P/E and EV/EBIT 9x) to the cheap side. This, together with a dividend yield of about 4%, raises the share's expected return in the next few years to 10-15%, which is slightly higher than our required return and thus provides a sufficient risk/return ratio.

Recommendation

Accumulate

(previous Accumulate)

EUR 9.50

(previous EUR 10.00)

Share price:

8.38



Key figures

	2022	2023e	2024e	2025e
Revenue	904.1	862.4	887.8	924.2
growth-%	7 %	-5 %	3 %	4 %
EBITDA adj.	92.9	87.7	99.8	107.4
EBITDA-% adj.	10.3 %	10.2 %	11.2 %	11.6 %
Net Income	13.1	-1.3	32.0	46.3
EPS (adj.)	0.85	0.77	0.99	1.08

P/E (adj.)	9.7	10.9	8.5	7.7
P/B	0.9	0.9	0.9	0.8
Dividend yield-%	4.3 %	4.2 %	4.4 %	5.1 %
EV/EBIT (adj.)	10.3	11.0	8.7	7.4
EV/EBITDA	6.8	7.0	5.9	5.2
EV/S	0.7	0.7	0.7	0.6

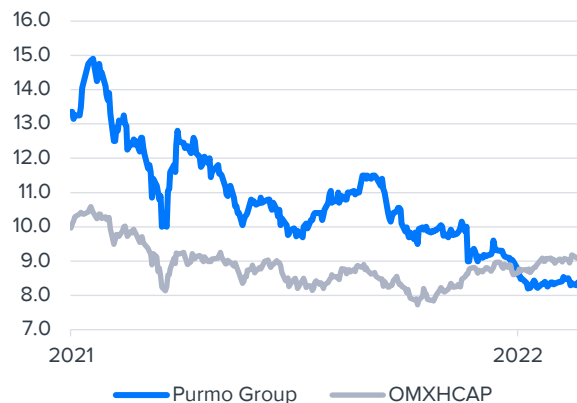
Source: Inderes

Guidance

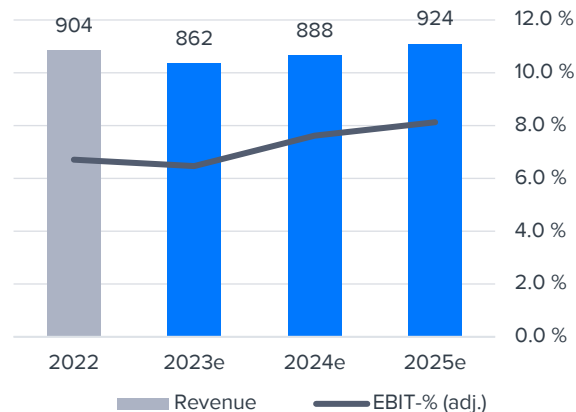
(New guidance)

Purmo Group's adjusted EBITDA in 2023 is expected to be on a similar level to 2022 (EUR 92.9 million). Similar means being within +/- 5 per cent of the previous year.

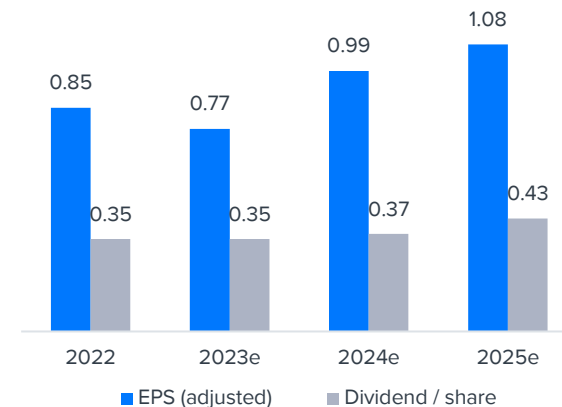
Share price



Revenue and EBIT %



EPS and dividend



Value drivers

- One of the largest product portfolios on the market
- Strong brands and market positions in Europe's radiator business
- Sustainable development, renovation debt, digitalization support the growth outlook of the market



Risk factors

- Dependency on construction cycles, especially in housing construction
- Distribution is dependent on large wholesale customers
- Capacity management and successful growth investment

Valuation	2023e	2024e	2025e
Share price	8.38	8.38	8.38
Number of shares, millions	42.7	42.7	42.7
Market cap	357	357	357
EV	613	588	559
P/E (adj.)	10.9	8.5	7.7
P/B	0.9	0.9	0.8
P/S	0.4	0.4	0.4
EV/Sales	0.7	0.7	0.6
EV/EBITDA	7.0	5.9	5.2
EV/EBIT (adj.)	11.0	8.7	7.4
Payout ratio (%)	neg.	49.2 %	39.3 %
Dividend yield-%	4.2 %	4.4 %	5.1 %

Source: Inderes

Q4 in line with earlier range, slightly above our expectations

Q4 net sales fell as expected, driven by radiators

The net sales of Purmo's Radiator segment decreased by 25% due to a strong volume decrease (33%) caused by both a drop in construction activity and distributors' destocking. This was expected and had been communicated clearly by the company and also its competitors. Our expectation for the drop was 22%. Net sales of the ICS division increased by 25% from the comparison period, which was better than our estimate (20%). This was, however, still supported, especially by the Italian market and partly by the acquisition (8 percentage points). Overall Purmo's net sales decreased by 7%, fully in line with our expectations.

Earnings fell clearly from the comparison period, but slightly less than we expected

The decline in net sales/volumes in radiators also depressed earnings and margins as expected. The

adjusted EBITDA of Radiators was EUR 8 million, i.e. nearly halved from EUR 15 million in the comparison period but was still a smidgen above our estimate (7 MEUR). ICS was able to improve on the comparison period and its EBITDA was over EUR 11 million while the comparison figure was EUR 9.7 million and our estimate EUR 9.2 million. At Group level, adjusted EBITDA was EUR 16 million (Q4'22e: 14 MEUR) clearly below the comparison period (23 MEUR). The adjusted EBITDA for 2022 was EUR 93 million, which was well in line with the company's guidance from November (88-96 MEUR). Thus, overall the last quarter progressed more or less in line with the outlook provided by the company in November.

Operational cash flow stable, indebtedness at upper end of target level

Purmo's cash flow was relatively stable in 2022, about EUR 90 million before changes in working

capital. However, due to the clearly negative change in working capital and the acquisition, free cash flow was around zero. The company's net debt/EBITDA was 3.0x at the end of the year, when the target is to be below it. Therefore, there is currently limited room in the balance sheet for acquisitions with debt. Indebtedness will probably decline even in early 2023, when working capital is seasonally committed and the earnings weaken compared to the strong H122. The CEO commented on the company's capital allocation [in our video interview](#). However, we expect that the company will be able to keep debt under control at full-year level. Despite the relatively high indebtedness, the company will distribute a capital return of EUR 0.36 that is at the previous year's level.

Estimates	Q4'21	Q4'22	Q4'22e	Q4'22e	Consensus		Difference (%)	2022
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Tot.
Revenue	223	207	207				0%	904
Käyttökate (oik.)	22.6	16.3	14.0				16%	92.9
EBIT	-41.8	-1.5	1.8				-183%	39.0
EPS (reported)	-1.58	-0.17	0.03				-657%	0.32
DPS	0.36	0.36	0.36				0%	0.36
Revenue growth-%	-	-7.2 %	-7.2 %				0 pp	7.2 %
Käyttökate-% (oik.)	10.2 %	7.9 %	6.8 %				1.1 pp	10.3 %

Source: Inderes

Minor operational estimate changes

Market demand declining in 2023

Both Purmo and its peers have already reported that the radiator market will continue as difficult also in 2023 and negative volume development is expected for the whole year. Purmo expects the radiator market to decrease by some 5% in 2023. Demand is also expected to weaken in indoor climate solutions in 2023 due to the decrease in greenfield construction activity and Purmo expects the market to fall slightly more than in radiators, as 2022 was still strong for this market. However, the company does not provide guidance on net sales development. We expect a drop of around 5% in Purmo's net sales this year.

Despite market challenges, Purmo's guidance indicates a stable performance

However, the company's guidance is that 2023 adjusted EBITDA will be at the same level as in 2022,

i.e. around EUR 93 million. Purmo says this means a +/- 5% change, or about EUR 88-97.5 million. We raised our estimates marginally and are now at the bottom end of the guidance range. Earnings development is supported by, e.g., the efficiency program launched by Purmo in the fall, as well as the easing/reversal of raw material inflation and the delay in following price increases. However, we also believe that declining raw materials can lead to lower sales prices as the year progresses. While this should not have a negative impact on earnings, it is worth noting that pricing is likely to follow raw material development also downwards, especially in a weak market environment.

The efficiency program supports 2023, with full impact by the end of 2024

According to the company, the efficiency program launched by Purmo at the end of last year will have

an impact of over EUR 10 million on this year's result. The overall impact of the program is EUR 40 million and is fully reflected in the 2025 results. In 2024, the program will result in significant non-recurring expenses of over EUR 30 million, which mainly affect cash flow. This also depresses the already relatively indebted balance sheet.

Estimate changes were minor

Our estimate changes are very small at operational level, 1-2% for 2023-24. We raised our non-recurring cost estimate for 2023, which further depresses already low reported figures. We recommend investors to monitor figures adjusted for non-recurring items.

Estimate revisions	2022	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	904	904	0%	872	862	-1%	893	888	-1%
Käyttökate ilman kertaeriä	90.7	92.9	2%	86.6	87.7	1%	101.6	99.8	-2%
EBIT	42.3	38.9	-8%	25.6	21.7	-15%	58.4	57.6	-1%
PTP	28.2	21.5	-24%	7.6	1.7	-78%	42.4	41.6	-2%
EPS (excl. NRIs)	0.79	0.85	7%	0.77	0.77	0%	1.00	0.99	-2%
DPS	0.36	0.36	0%	0.36	0.36	0%	0.38	0.38	0%

Source: Inderes

Favorable valuation supports expected revenue

Valuation summary

We use both earnings-based multiples and the sum of the parts calculation when pricing Purmo, as well as peer valuation as a supporting tool. We also assess Purmo through its return on capital. We believe the DCF model provides good support for the valuation of Purmo. The methods indicate a fair value of around EUR 9-11.5. The target price is around the middle of the range at EUR 9.5. Purmo's expected return consists of a dividend yield of about 4% and the clear 2024 earnings growth expectation.

Earnings multiples at a rather neutral level in 2023

We feel that 2023 earnings-based ratios (P/E 11x, EV/EBIT 11x) are quite neutral. However, 2024 earnings growth will press multiples (P/E and EV/EBIT 9x) to the cheap side. We believe the company's valuation level is negatively affected at least by the fact that nearly half of its sales come from radiators, where the market has been structurally declining for a long time. In addition, the company's return on capital is modest, reflecting historically weak capital allocation (a large amount of goodwill in the balance sheet). The company now tries to focus on growing segments in heating and cooling solutions, but its success through organic growth is still uncertain. Nor do we believe that organic growth will accelerate to a high level with the company's current structure as radiators weaken the growth profile. Acquisitions create an opportunity to accelerate growth clearly and remain a key part of the company's strategy.

Return on capital close to required return

With our estimates Purmo's return on capital will remain modest even in the medium term, with the total return on capital below 10% and a return on equity on both sides of 10%. Even at best, this only

meets our required return on equity of close to 11% (which is relatively high due, e.g., to the company's cyclicality). Therefore, a P/B ratio of 1.0x or even slightly below seems justified for the company. This would result in a fair value of EUR 9 with 2023 figures. The return on capital is depressed by the large amount of goodwill that the company has generated from past acquisitions. Especially historical acquisitions in radiators, where the market has been on a downward trend for 15 years, are unlikely to have generated value.

Sum of the parts value some EUR 11.5 per share

Purmo's reporting was still divided into Radiators and ICS divisions in 2022 figures. We believe that this clear division into different profile activities provides a good basis for a sum of the parts valuation. We believe that the main competitor of the Radiators division, and thus the closest peer, is Stelrad, whose 2023 EV/EBITDA ratio (good 5x) we use directly to determine the value of the division. We use a broader peer group for the ICS division, i.e. in practice the entire peer group of the company from which we have removed Stelrad and Arbonia that operate more in radiators. These peers give ICS an EV/EBITDA ratio of around 12x. By using the 2021-23e EBITDA average for Purmo's divisions, the fair value of Purmo's share is around EUR 11.5.

Based on the DCF model the share value is around EUR 10.5

Our DCF model assumes a medium-term annual growth rate of 2.5% and an EBIT margin of 7.5%. This is clearly below Purmo's target (15% EBITDA margin), but on the other hand higher than the current or historical level. Our required return on capital for Purmo is 8.8%, which leads us to a fair value of around EUR 10.5 per share.

Valuation	2023e	2024e	2025e
Share price	8.38	8.38	8.38
Number of shares, millions	42.7	42.7	42.7
Market cap	357	357	357
EV	613	588	559
P/E (adj.)	10.9	8.5	7.7
P/B	0.9	0.9	0.8
P/S	0.4	0.4	0.4
EV/Sales	0.7	0.7	0.6
EV/EBITDA	7.0	5.9	5.2
EV/EBIT (adj.)	11.0	8.7	7.4
Payout ratio (%)	neg.	49.2 %	39.3 %
Dividend yield-%	4.2 %	4.4 %	5.1 %

Source: Inderes

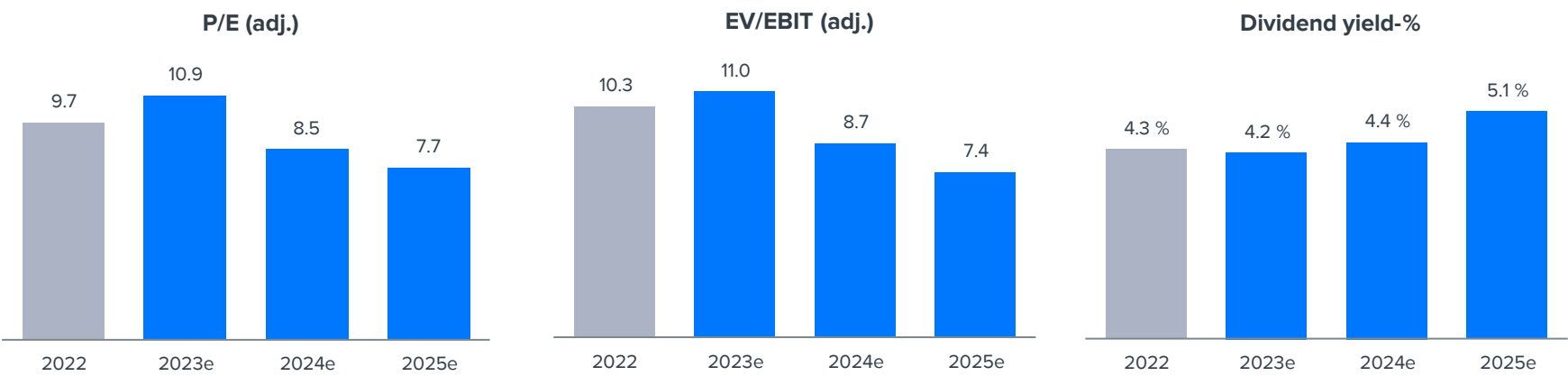
Sum of the parts	Vaue, MEUR	Valuation method
Radiators	276	Stelrad EV/EBITDA 2023
ICS	576	Peer group EV/EBITDA 2023
Others	-80	EV/EBITDA 10x
EV total	772	
Net debt at end of 2022	277	
Share capital	495	
per share	11,6	

Source: Inderes

Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price					8.22	8.38	8.38	8.38	8.38
Number of shares, millions					41.2	42.7	42.7	42.7	42.6
Market cap					351	357	357	357	357
EV					627	613	588	559	528
P/E (adj.)					9.7	10.9	8.5	7.7	7.1
P/B					0.9	0.9	0.9	0.8	0.8
P/S					0.4	0.4	0.4	0.4	0.4
EV/Sales					0.7	0.7	0.7	0.6	0.6
EV/EBITDA					6.8	7.0	5.9	5.2	4.7
EV/EBIT (adj.)					10.3	11.0	8.7	7.4	6.7
Payout ratio (%)					113.4 %	neg.	49.2 %	39.3 %	40.0 %
Dividend yield-%					4.3 %	4.2 %	4.4 %	5.1 %	5.6 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/Liikevaihto		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Nibe Industrier AB	19999	20627	37.3	34.0	29.6	26.9	5.3	4.9	48.6	41.6	0.6	0.6	7.7
Lindab International AB	1053	1337	13.5	12.7	9.5	9.0	1.3	1.3	14.3	13.4	3.0	3.3	1.7
Systemair AB	1433	1673	20.3	17.7	12.5	12.9	1.7	1.6	22.2	21.3	1.3	1.4	3.7
Uponor Oyj	1198	1253	9.6	9.1	6.8	6.5	1.0	0.9	14.3	13.4	4.2	4.5	2.4
Arbonia AG	895	963	15.4	12.5	6.8	6.0	0.7	0.7	18.2	15.0	2.7	3.2	0.8
Volution Group PLC	833	938	15.2	14.6	11.4	11.0	2.7	2.6	16.0	15.4	2.0	2.1	
Zehnder Group AG	1397	1373	19.1	17.1	13.6	12.6	1.7	1.6	14.4	13.0	2.7	3.1	2.2
Stelrad Group PLC	166	228	6.8	6.0	5.1	4.6	0.6	0.6	8.0	6.6	5.0	6.1	
Ecoclime Group AB	24	19	101.5	6.3	14.4	4.2	0.7	0.6		13.7			1.2
Purmo Group (Inderes)	357	613	11.0	8.7	7.0	5.9	0.7	0.7	10.9	8.5	4.2	4.4	0.9
Average			26.5	14.4	12.2	10.4	1.7	1.6	19.5	17.0	2.7	3.0	2.8
Median			15.4	12.7	11.4	9.0	1.3	1.3	15.2	13.7	2.7	3.1	2.2
Diff-% to median			-28%	-31%	-39%	-34%	-44%	-48%	-28%	-38%	53%	42%	-57%

Source: Refinitiv / Inderes. NB: The market cap Inderes uses does not consider own shares held by the company.

Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23e	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	844	236	245	216	207	904	215	220	215	212	862	888	924	957
Radiators	506	135	128	110	106	479	110	110	115	120	455	460	475	485
ICS	337	101	117	106	101	425	105	110	100	92	407	428	449	472
EBITDA	33.6	29.3	24.3	18.5	6.3	78.4	9.4	13.7	15.7	14.9	53.7	89.8	107.4	111.5
EBITDA (adj.)	104	29.2	27.8	19.6	16.3	92.9	19.4	21.7	23.7	22.9	87.7	99.8	107.4	111.5
Depreciation	-30.2	-15.2	-8.4	-8.0	-7.9	-39.4	-8.0	-8.0	-8.0	-8.0	-32.0	-32.2	-32.3	-32.4
EBIT (excl. NRI)	73.7	21.6	19.5	11.5	8.1	60.6	11.4	13.7	15.7	14.9	55.7	67.6	75.1	79.1
EBIT	3.5	14.1	15.9	10.5	-1.5	38.9	1.4	5.7	7.7	6.9	21.7	57.6	75.1	79.1
Radiators (adj. EBITDA)	66.0	17.5	15.4	9.3	8.1	50.3	9.4	10.5	13.2	13.8	46.8	54.3	57.0	58.2
ICS (adj. EBITDA)	43.7	13.6	14.6	12.4	11.4	51.9	12.1	13.2	12.5	11.1	48.9	53.5	58.4	61.3
Others and NRIs	-76.1	-1.8	-5.8	-3.1	-13.1	-23.8	-12.0	-10.0	-10.0	-10.0	-42.0	-18.0	-8.0	-8.0
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
Net financial items	-8.6	-2.8	-3.0	-4.3	-7.3	-17.4	-5.0	-5.0	-5.0	-5.0	-20.0	-16.0	-15.0	-13.8
PTP	-5.1	11.3	12.9	6.2	-8.8	21.5	-3.6	0.6	2.7	1.9	1.7	41.6	60.1	65.4
Taxes	-13.7	-4.8	-4.5	-0.9	1.8	-8.4	-0.5	-0.5	-1.0	-1.0	-3.0	-9.6	-13.8	-15.0
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
Net earnings	-18.8	6.5	8.4	5.3	-7.0	13.1	-4.1	0.1	1.7	0.9	-1.3	32.0	46.3	50.3
EPS (adj.)	1.78	0.34	0.29	0.15	0.06	0.85	0.14	0.19	0.23	0.21	0.77	0.99	1.08	1.18
EPS (rep.)	-0.65	0.16	0.20	0.13	-0.17	0.32	-0.10	0.00	0.04	0.02	-0.03	0.75	1.08	1.18

Key figures	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23e	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	25.7 %	-	-	-	-	7.2 %	-8.9 %	-10.2 %	-0.6 %	2.8 %	-4.6 %	2.9 %	4.1 %	3.5 %
Adj. EBITDA growth-%	59.8 %	-	-	-	-	-10.6 %	-33.5 %	-22.2 %	21.0 %	40.4 %	-5.6 %	13.8 %	7.7 %	3.8 %
EBITDA-%	4.0 %	12.4 %	9.9 %	8.5 %	3.1 %	8.7 %	4.4 %	6.2 %	7.3 %	7.0 %	6.2 %	10.1 %	11.6 %	11.7 %
Adjusted EBITDA-%	12.3 %	12.4 %	11.4 %	9.1 %	3.9 %	10.3 %	9.0 %	9.8 %	11.0 %	10.8 %	10.2 %	11.2 %	11.6 %	11.7 %
Net earnings-%	-2.2 %	2.8 %	3.4 %	2.4 %	-3.4 %	1.5 %	-1.9 %	0.1 %	0.8 %	0.4 %	-0.2 %	3.6 %	5.0 %	5.3 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	602	619	615	615	614
Goodwill	369	371	371	371	371
Intangible assets	36.3	47.0	45.0	43.2	41.5
Tangible assets	163	167	169	170	172
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	7.2	5.6	5.6	5.6	5.6
Deferred tax assets	26.5	29.2	25.0	25.0	25.0
Current assets	444	365	326	329	368
Inventories	157	174	155	151	157
Other current assets	31.7	45.4	30.0	30.0	30.0
Receivables	77.1	89.1	86.2	88.8	92.4
Cash and equivalents	178	56.3	54.5	59.2	88.2
Balance sheet total	1046	984	941	944	982

Source: Inderes

2021 Pro forma, 2019-2020 Purmo Group

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	391	403	387	404	435
Share capital	3.1	3.1	3.1	3.1	3.1
Retained earnings	6.6	24.4	8.2	25.3	55.8
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	381	376	376	376	376
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	351	346	313	293	283
Deferred tax liabilities	2.6	5.4	5.4	5.4	5.4
Provisions	7.6	7.8	7.8	7.8	7.8
Long term debt	316	312	280	260	250
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	24.7	20.1	20.1	20.1	20.1
Current liabilities	304	235	240	246	264
Short term debt	101	20.7	30.0	30.0	40.0
Payables	192	193	190	195	203
Other current liabilities	11.7	20.7	20.7	20.7	20.7
Balance sheet total	1046	984	941	944	982

DCF calculation

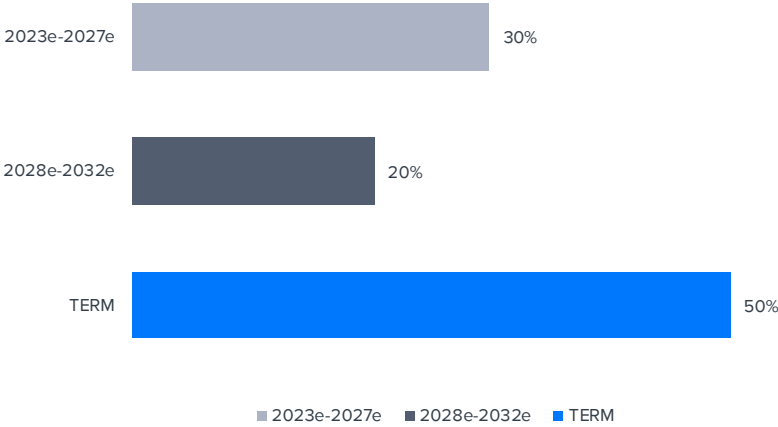
DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	7.2 %	-4.6 %	2.9 %	4.1%	3.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.0 %	2.0 %
EBIT-%	4.3 %	2.5 %	6.5 %	8.1%	8.3 %	7.5 %	7.5 %	7.5 %	7.0 %	7.0 %	7.0 %	7.0 %
EBIT (operating profit)	38.9	21.7	57.6	75.1	79.1	73.5	75.4	77.3	73.9	75.8	77.3	
+ Depreciation	39.4	32.0	32.2	32.3	32.4	32.4	32.5	32.5	32.5	32.5	32.9	
- Paid taxes	-8.3	1.2	-9.6	-13.8	-15.0	-13.9	-14.3	-14.8	-14.0	-14.4	-14.8	
- Tax, financial expenses	-5.0	-4.6	-3.7	-3.5	-3.2	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	
+ 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	-32.0	33.5	7.4	-1.8	-1.6	-1.2	-1.2	-1.3	-1.3	-1.3	-1.1	
Operating cash flow	33.0	83.7	83.9	88.3	91.7	87.9	89.3	90.7	88.1	89.5	91.3	
+ Change in other long-term liabilities	-4.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-53.3	-32.0	-32.0	-32.0	-32.0	-32.0	-32.0	-32.0	-32.0	-34.3	-36.0	
Free operating cash flow	-24.7	51.7	51.9	56.3	59.7	55.9	57.3	58.7	56.1	55.2	55.3	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-24.7	51.7	51.9	56.3	59.7	55.9	57.3	58.7	56.1	55.2	55.3	833
Discounted FCFF		48.0	44.2	44.1	43.0	37.0	34.9	32.9	28.9	26.1	24.1	363
Sum of FCFF present value		726	678	634	590	547	510	475	442	413	387	363
Enterprise value DCF		726										
- Interesting bearing debt		-333										
+ Cash and cash equivalents		56.3										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		449										
Equity value DCF per share		10.5										

Wacc

Tax-% (WACC)	23.0 %
Target debt ratio (D/(D+E))	25.0 %
Cost of debt	4.0 %
Equity Beta	1.30
Market risk premium	4.75%
Liquidity premium	2.00%
Risk free interest rate	2.5 %
Cost of equity	10.7 %
Weighted average cost of capital (WACC)	8.8 %

Source: Inderes

Cash flow distribution



Summary

Income statement	2022	2023e	2024e	Per share data	2022	2023e	2024e
Revenue	904.1	862.4	887.8	EPS (reported)	0.32	-0.03	0.75
EBITDA	78.4	53.7	89.8	EPS (adj.)	0.85	0.77	0.99
EBIT	38.9	21.7	57.6	OCF / share	0.80	1.96	1.97
PTP	21.5	1.7	41.6	FCF / share	-0.60	1.21	1.22
Net Income	13.1	-1.3	32.0	Book value / share	9.79	9.07	9.48
Extraordinary items	-21.7	-34.0	-10.0	Dividend / share	0.36	0.36	0.38
Balance sheet	2022	2023e	2024e	Growth and profitability	2022	2023e	2024e
Balance sheet total	983.9	940.8	943.5	Revenue growth-%	7%	-5%	3%
Equity capital	403.3	387.1	404.2	EBITDA growth-%	133%	-31%	67%
Goodwill	370.6	370.6	370.6	EBIT (adj.) growth-%	-18%	-8%	21%
Net debt	276.8	255.5	230.8	EPS (adj.) growth-%	-53%	-9%	29%
Cash flow	2022	2023e	2024e	EBITDA-%	8.7 %	6.2 %	10.1 %
EBITDA	78.4	53.7	89.8	EBIT (adj.)-%	6.7 %	6.5 %	7.6 %
Change in working capital	-32.0	33.5	7.4	EBIT-%	4.3 %	2.5 %	6.5 %
Operating cash flow	33.0	83.7	83.9	ROE-%	3.3 %	-0.3 %	8.1 %
CAPEX	-53.3	-32.0	-32.0	ROI-%	5.0 %	3.0 %	8.3 %
Free cash flow	-24.7	51.7	51.9	Equity ratio	41.0 %	41.1 %	42.8 %
				Gearing	68.6 %	66.0 %	57.1 %
Valuation multiples	2022	2023e	2024e				
EV/S	0.7	0.7	0.7				
EV/EBITDA (adj.)	6.8	7.0	5.9				
EV/EBIT (adj.)	10.3	11.0	8.7				
P/E (adj.)	9.7	10.9	8.5				
P/B	0.9	0.9	0.9				
Dividend-%	4.3 %	4.2 %	4.4 %				

Source: Inderes

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

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

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
05-01-22	Accumulate	16.00 €	14.80 €
04-03-22	Accumulate	12.50 €	10.90 €
13-04-22	Accumulate	13.00 €	12.00 €
13-05-22	Buy	13.00 €	10.35 €
12-08-22	Buy	13.00 €	11.00 €
09-11-22	Buy	12.00 €	10.00 €
11-11-22	Buy	12.00 €	9.00 €
09-12-22	Accumulate	10.00 €	9.20 €
10-02-23	Accumulate	9.50 €	8.38 €



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