

Revenio Group

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Tarina etenee raiteillaan” published on 04/28/2023 at 7:05 am.

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The story progresses on track

We reiterate our target price of EUR 38.0 for Revenio but lower our recommendation to Reduce (was Accumulate) after the price rise ate up the upside we had previously seen in the stock. Q1 results were slightly below our expectations, but the outlook is unchanged, and we think the value creator story is on track. The challenge is again the high valuation (2023e EV/EBIT above 30x) and hence the moderate expected return.

Q1 result was very good but far from perfect

Revenio's net sales increased by 14.9% in Q1, thanks to familiar growth drivers. In imaging devices, the company continues to rapidly gain market share, in particular with the EIDON product family and DRSplus. There was also double-digit growth in tonometers, with another strong increase in HOME2, which is particularly important for the future. Q1 EBIT rose to EUR 6.2 million (Q1'22: 5.6 MEUR) but slightly missed our EUR 6.5 million estimate. This was due to slightly lower-than-expected net sales and a weaker gross margin (Q1'23: 70.5% vs. Q1'22: 72.6%), largely due to the sales mix's emphasis on imaging devices. Overall, the Q1 result was very good, but didn't meet the high expectations set for the company. Cash flow was typically sluggish in Q1, but the balance sheet is very strong and would also provide room for acquisitions.

Outlook unchanged, no major estimate revisions

As expected, Revenio reiterated its guidance, in which it expects its currency-adjusted net sales to grow "strongly" and profitability to be "at a good level" excluding one-off items. In general, there were no major changes in the outlook, although according to the company, there is a slight slowdown in customer decision-making compared to the past. However, this is not a major concern, at least not yet, and overall, the market continues to perform well. We made minimal estimate revisions based on the report (down 1-2%), but these are of little practical relevance. This year, earnings growth is likely to be constrained by a headwind from exchange rate movements in the latter part of the year after a strong tailwind last year. However, we still expect the company to deliver net sales growth of around 14% and an EBIT margin of around 29% (2022: 30.6%). From 2024-2026 onwards, we expect Revenio to continue growing at 16-17%, with imaging devices market share growth driven by the company's competitive offering playing a key role. The company's future growth drivers have also shown promise, with HOME2 continuing to be the company's fastest growing product and ILLUME's system deliveries progressing. We expect the growth of these areas to gradually start to be reflected in the group's figures in the coming years.

Valuation has risen with the share price

Revenio's convincing growth story continues on track as the company's core continues to perform excellently and the company creates new opportunities in a strategically sound way. Still, growth in 2023 (excluding M&A) will be far from 2020-2022 (average ~25%), while earnings growth will slow. With the share price increase (+12% and dividend from the previous update), the valuation has risen again to a disappointingly high level (2023e adj. EV/EBIT over 30x), but in a year's time the company will already be priced at much more reasonable multiples (2024e adj. EV/EBIT 25x). Without a turnaround in interest rates and hence in equity market yields, the upside is limited in our view, which means that the risk/return ratio remains unsatisfactory. At least no action is required from long-term holders, but we don't consider the expected return now sufficient for further purchases.

Recommendation

Reduce

(previous Accumulate)

EUR 38.00

(previous EUR 38.00)

Share price:

39.24



Key figures

	2022	2023e	2024e	2025e
Revenue	97	111	129	151
growth-%	23%	14%	16%	17%
EBIT adj.	30.9	33.4	39.1	46.8
EBIT-% adj.	31.8 %	30.1 %	30.3 %	31.0 %
Net Income	21.8	24.0	29.1	35.1
EPS (adj.)	0.86	0.95	1.14	1.37
P/E (adj.)	44.6	41.3	34.5	28.7
P/B	11.3	9.9	8.4	7.2
Dividend yield-%	0.9 %	1.0 %	1.4 %	1.9 %
EV/EBIT (adj.)	32.9	30.5	25.5	20.9
EV/EBITDA	30.6	28.2	23.8	19.6
EV/S	10.5	9.2	7.7	6.5

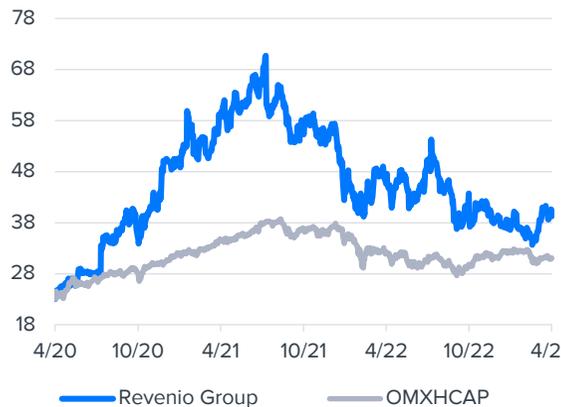
Source: Inderes

Guidance

(Unchanged)

Revenio Group's exchange rate-adjusted net sales are estimated to grow strongly from the previous year and profitability is to remain at a good level without non-recurring items.

Share price



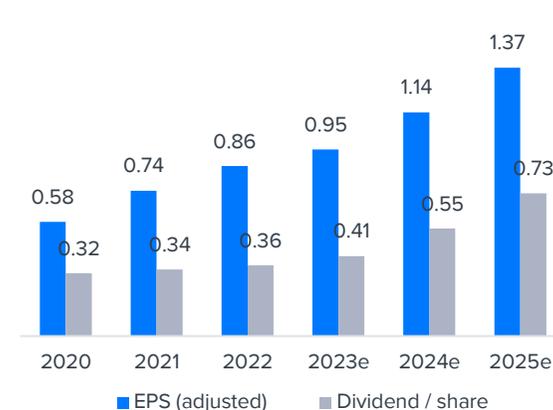
Source: Millstream Market Data AB

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Long-term growth outlook is strong
- Generally quite good predictability of the result and cash flow
- Strong competitive protection and growth drivers give support
- New products and software systems have attractive long-term growth potential
- Excellent track record of value creation
- Potential acquisitions (OCT)



Risk factors

- Weakening of patent protection for the Icare tonometer after 2023
- Speed and success of the HOME product's ramp-up
- Success in strong growth of imaging devices
- Success of growth investments (new products)
- High valuation level of the share poses a risk for investors

Valuation	2023e	2024e	2025e
Share price	39.2	39.2	39.2
Number of shares, millions	26.6	26.6	26.6
Market cap	1043	1043	1043
EV	1019	998	978
P/E (adj.)	41.3	34.5	28.7
P/E	43.4	35.8	29.7
P/FCF	45.9	33.1	29.6
P/B	9.9	8.4	7.2
P/S	9.4	8.1	6.9
EV/Sales	9.2	7.7	6.5
EV/EBITDA	28.2	23.8	19.6
EV/EBIT (adj.)	30.5	25.5	20.9
Payout ratio (%)	45.0 %	50.0 %	55.0 %
Dividend yield-%	1.0 %	1.4 %	1.9 %

Source: Inderes

Very good but far from perfect

Main growth drivers remain the same

In Q1, Revenio's net sales increased by 14.9% to EUR 23.2 million, slightly below our estimate of EUR 23.8 million. Exchange rates had a small impact on growth in Q1, with comparable growth of 15.2%. The company's growth was particularly strong in North America, the UK, Germany, Finland, Italy and Australia.

The growth dynamics continued to be very similar to previous quarters. Among the product areas, imaging devices continued very strong growth, with the company's iCare EIDON product family and iCare DRSpplus in particular continuing their strong market share gains. Double-digit growth also continued for tonometers, albeit at a more moderate rate than for imaging devices. HOME2 was again the fastest growing single product, but its contribution to the group's overall growth remains relatively small. Gradually, however, the figures are increasing, and developments particularly in the US are worth

monitoring as the market slowly matures.

Revenio also reported that its iCare ILLUME screening solution, launched a year ago, has received excellent feedback from the market, pilot projects for the solution are growing at a good pace and deliveries of the first commercial systems are well underway. On a general level, the company comments that the development of the settlement is proceeding according to its own expectations.

Profitability weakened with product mix

Revenio's Q1 EBIT rose to EUR 6.2 million (Q1'22: 5.6 MEUR) and was slightly below our EUR 6.5 million estimate. This was driven by slightly lower-than-expected net sales and a slightly softer than-expected relative profitability with an EBIT margin of 26.6% (estimate: 27.3%). Of course, these things are connected because of the strong earnings lever. The deterioration in profitability was largely explained by the decrease in gross margin year-on-year (Q1'23: 70.5% vs . Q1'22: 72.6%), which was mainly due to a

change in the product mix as the share of Q1 imaging devices in net sales was higher than in the comparison period. Otherwise, there were no major surprises in operational expenses. Earnings per share dropped to EUR 0.16 (Q1' 23: EUR 0.19), which was the result of an increase in financial expenses due to exchange rate movements (no cash flow impact). Still, overall, Revenio's Q1 results were mildly disappointing.

Cash flow burdened by taxes and bonuses in the early part of the year

Revenio's cash flow from operations in Q1 was significantly below the result at EUR 0.3 million (Q1'22: -0.2 MEUR). Q1 is typically a weaker quarter for a company in terms of cash flow, as cash flow is burdened by taxes and annual bonuses. The company has a very strong balance sheet (net gearing -13%). This also provides a good starting point for possible acquisitions, which the company has indicated it is actively exploring.

Estimates	Q1'22	Q1'23	Q1'23e	Q1'23e	Consensus		Difference (%)	2023e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	20.2	23.2	23.8	23.4	23.0	- 23.8	-2%	111
EBIT	5.6	6.2	6.5	6.5	6.2	- 6.8	-5%	32.2
EPS (reported)	0.17	0.16	0.19	0.18	0.16	- 0.19	-14%	0.94
Revenue growth-%	20.6 %	14.9 %	17.8 %	15.6 %	13.9 %	- 17.9 %	-2.9 pp	14.3 %
EBIT-%	27.5 %	26.6 %	27.3 %	27.8 %	27.0 %	- 28.6 %	-0.7 pp	29.0 %

Source: Inderes & Infront (5 forecasts, 04/20/2023) (consensus)

No substantial estimate revisions

No material changes in the outlook

As expected, Revenio reiterated its guidance, in which it expects its currency-adjusted net sales to grow strongly from the previous year and profitability to be at a good level excluding non-recurring items. We estimate that strong net sales growth means a level below 15% and a good level of profitability below 30% EBIT margin, but we believe these levels are realistic also this year excluding currency effects.

With Revenio's defensive business model, there are no significant changes in the company's outlook despite the macroeconomic turbulence. The company commented that it has noticed a slight slowdown in customer decision-making compared to the past, but this is not significantly reflected in the company's figures and the company did not seem to be concerned about this. We have made very slight negative revisions to our earnings estimates for the current year (-2%) and future years (-1%), but the big picture remains unchanged.

Estimates for the current year

We now expect Revenio's net sales to grow by just over 14% this year to a total of EUR 111 million. We expect reported net sales growth to be constrained by exchange rates, with the EUR/USD exchange rate offering at least a slight headwind for the rest of the year compared to the significant tailwind of last year. The current exchange rate is around 1.10, compared with an average of around 1.05 last year. The headwind from currencies would strengthen at the current exchange rate as the year progresses. We expect Revenio's EBIT to grow to EUR 32.2 million, which would correspond to an EBIT margin of around 29% (2022: 30.6%). There is slight upward pressure on costs and a headwind from exchange rates would also put pressure on profitability.

Longer-term estimates

In 2024-2026, we expect Revenio to continue to grow at a rate of around 16-17% and to achieve profitability of around 29-31% in terms of EBIT margin. We estimate that Revenio's mainstay, tonometers, will

grow at a moderate but gradually slowing pace. Imaging devices is expected to grow rapidly in the coming years as the company gains market share with its competitive offering. The market share in imaging is still small, which will allow the segment to grow into a new whole category in the longer term.

At the same time, Revenio is maturing future growth drivers (such as HOME2, ILLUME and Oculo), which are still small in size. In the coming years, they will need to grow to scale if Revenio is to continue to grow, and thus to deliver earnings growth, well into the future. Although there is still a long way to go, the development of these growth areas has been promising. In addition, opportunities may come from in-house R&D, which accounts for around 10% of net sales. Among other things, the company has also announced that it will invest in its perimeter offering this year, which has not historically been at the heart of Revenio's strategy. In this area, the market share of the company's products is very small, which naturally creates opportunities. As usual, the company's long-term outlook is strong.

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
	Old	New		Old	New		Old	New	
MEUR / EUR			%			%			%
Revenue	111.4	110.8	-1%	130	129	0%	152	151	0%
EBITDA	36.6	36.1	-1%	42.3	41.9	-1%	50.4	49.9	-1%
EBIT (exc. NRIs)	34.0	33.4	-2%	39.5	39.1	-1%	47.2	46.8	-1%
EBIT	32.8	32.2	-2%	38.4	38.0	-1%	46.0	45.6	-1%
PTP	32.4	31.5	-3%	38.2	37.8	-1%	46.0	45.6	-1%
EPS (excl. NRIs)	0.98	0.95	-3%	1.15	1.14	-1%	1.38	1.37	-1%
DPS	0.42	0.41	-4%	0.55	0.55	-1%	0.73	0.73	-1%

Source: Inderes

As per usual, valuation is high

Factors behind the valuation

Revenio has an excellent track-record, strong structural long-term growth drivers and deep moats (patents, brand, slow-moving industry and high entry threshold). The risk level of the business is moderate due to the defensiveness of the industry and strong competitive advantages. Although Revenio is a quality company that is comfortable to travel with in the long term, the combination of a high valuation and an at least temporarily declining earnings growth rate isn't particularly attractive. We estimate that the new growth drivers are still too small to support the big picture, which is why the old recipe must still be used to produce results. For example, an excellent new acquisition could well turn the equation on its head, but we don't think this card can be relied on.

Multiples are high, but not excessive

Since our last update, Revenio's share price has risen by around 12% and dividends were also paid. The valuation has risen again and is high by all measures, which is to be expected for the Helsinki Stock Exchange's star company and a strong value creator. With estimates for this year, the key multiples (2023e adj. P/E 41x and EV/EBIT 30x) are high, but we believe that the 2024 multiples (adj. P/E 34x and EV/EBIT 25x) are already quite reasonable for Revenio. Thus, we could say that Revenio has caught up with its valuation as earnings growth materializes in the coming years, and at 2024 multiples a large part of future earnings growth would go to investors.

Compared to its peers, Revenio is now priced at about the same level as Carl Zeiss Meditec, but in general Revenio is valued at a clear premium. Without a sustained decline in interest rates, and hence in

equity market yields, we do not believe there is room for upside. On the other hand, we don't see significant downside potential in Revenio if earnings growth remains on track. We think the stock is largely priced correctly, but in the short term, capital may yield better elsewhere.

In the long term, Revenio's valuation can be justified, but this requires strong and sustainable earnings growth. We currently expect EPS to grow by around 16-18% between 2022 and 2026e (CAGR). For Revenio, the earnings growth rate isn't unreasonable, despite the excellent profitability level, but we estimate that it will require new growth drivers to "scale up" towards the end of the period. It is difficult to estimate the rate of earnings growth in Revenio, although the direction is clear. Thus, investors bear the risk of strong earnings growth estimates and high valuation multiples, which undermine the risk/return ratio of the stock.

The expected return is relatively low

Our cash flow calculation (DCF) indicates a value of around EUR 39 for the Revenio share, with a very moderate WACC of 7.5%. The DCF value is driven especially by high assumptions of long-term growth and profitability and even if the confidence in these is relatively good for Revenio there is naturally a lot of uncertainty related to the estimates reaching past 10 years. The weight of the terminal period (70%) remains high and emphasizes the high expectations still loaded into the share in the long term. Therefore, at current valuation levels, we believe investors should accept a moderate expected return, unless the company can clearly outperform our estimates.

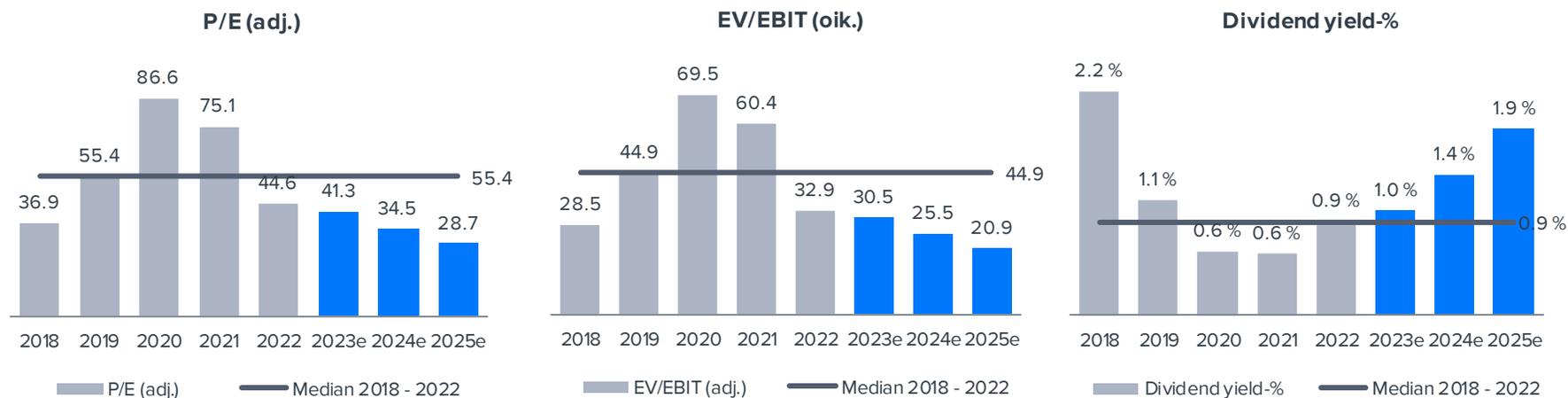
Valuation	2023e	2024e	2025e
Share price	39.2	39.2	39.2
Number of shares, millions	26.6	26.6	26.6
Market cap	1043	1043	1043
EV	1019	998	978
P/E (adj.)	41.3	34.5	28.7
P/E	43.4	35.8	29.7
P/FCF	45.9	33.1	29.6
P/B	9.9	8.4	7.2
P/S	9.4	8.1	6.9
EV/Sales	9.2	7.7	6.5
EV/EBITDA	28.2	23.8	19.6
EV/EBIT (adj.)	30.5	25.5	20.9
Payout ratio (%)	45.0 %	50.0 %	55.0 %
Dividend yield-%	1.0 %	1.4 %	1.9 %

Source: Inderes

Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	12.6	26.3	50.3	55.6	38.6	39.2	39.2	39.2	39.2
Number of shares, millions	23.9	26.0	26.6	26.7	26.6	26.6	26.6	26.6	26.6
Market cap	301	697	1337	1482	1026	1043	1043	1043	1043
EV	290	700	1335	1482	1015	1019	998	978	955
P/E (adj.)	36.9	55.4	86.6	75.1	44.6	41.3	34.5	28.7	23.7
P/E	36.9	73.0	>100	85.7	47.1	43.4	35.8	29.7	24.3
P/FCF	36.0	neg.	>100	>100	48.7	45.9	33.1	29.6	25.0
P/B	16.6	10.8	19.2	18.9	11.3	9.9	8.4	7.2	6.2
P/S	9.8	14.1	21.9	18.8	10.6	9.4	8.1	6.9	5.9
EV/Sales	9.5	14.1	21.9	18.8	10.5	9.2	7.7	6.5	5.4
EV/EBITDA	27.1	47.9	61.5	57.7	30.6	28.2	23.8	19.6	15.9
EV/EBIT (adj.)	28.5	44.9	69.5	60.4	32.9	30.5	25.5	20.9	16.9
Payout ratio (%)	82.3 %	85.1 %	63.7 %	52.4 %	43.9 %	45.0 %	50.0 %	55.0 %	60.0 %
Dividend yield-%	2.2 %	1.1 %	0.6 %	0.6 %	0.9 %	1.0 %	1.4 %	1.9 %	2.5 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%	
Company	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e
Revenio Group	1081	1069	32.4	27.8	29.1	25.3	9.8	8.5	42.0	36.1	1.0	1.2
Cooper Companies	16837	19170	24.8	22.3	20.7	18.5	6.0	5.6	29.4	26.2	0.0	0.0
Ametek	27889	29735	20.3	18.8	16.8	15.7	5.0	4.8	22.3	20.8	0.6	0.7
Topcon	1379	1619			7.8	7.4	1.1	1.1	15.5	14.2	2.3	2.5
Medtronic	108391	123939	16.7	16.4	14.7	14.8	4.4	4.2	17.1	17.2	3.0	3.2
EssilorLuxotica SA	81758	92665	21.7	19.7	14.1	13.0	3.6	3.4	26.6	24.2	1.9	2.1
Carl Zeiss Meditec	10894	11100	27.5	23.6	23.4	20.3	5.2	4.8	38.9	33.8	0.9	1.0
Demand	8685	10543	20.9	19.1	15.9	14.6	3.7	3.5	26.8	23.5		0.0
Optomed (Inderes)	66	69				73.4	4.1	3.1				
Revenio Group (Inderes)	1043	1019	30.5	25.5	28.2	23.8	9.2	7.7	41.3	34.5	1.0	1.4
Average			32.8	25.2	21.4	23.3	4.9	4.5	40.2	29.5	1.2	1.2
Median			24.2	22.2	18.7	18.5	5.0	4.7	28.1	25.2	0.9	1.0
Diff-% to median			26%	15%	51%	29%	84%	66%	47%	37%	12%	40%

Source: Refinitiv / Inderes

Income statement

Income statement	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	61.1	78.8	20.2	24.4	24.1	28.3	97.0	23.2	27.1	28.4	32.1	111	129	151	177
Tonometers (estimate)	41.8	49.2	13.2	16.9	13.0	15.5	58.6	14.7	17.9	15.0	17.2	64.9	73.4	83.7	96.2
Imaging devices	19.1	28.3	6.6	6.9	10.7	12.1	36.2	7.8	8.4	12.5	13.9	42.6	50.7	59.8	70.6
Oculo / Software (estimate)	0.0	0.9	0.4	0.6	0.5	0.7	2.2	0.6	0.8	0.9	1.0	3.3	5.0	7.5	10.0
Other products (estimate)	0.2	0.4	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
EBITDA	21.7	25.7	6.4	8.0	8.5	10.2	33.1	7.1	8.5	8.9	11.6	36.1	41.9	49.9	60.2
Depreciation	-4.6	-3.6	-0.8	-0.9	-0.9	-0.9	-3.4	-0.9	-1.0	-1.0	-1.0	-3.9	-3.9	-4.4	-4.7
EBIT (excl. NRI)	19.2	24.5	5.9	7.4	8.0	9.6	30.9	6.5	7.8	8.2	10.9	33.4	39.1	46.8	56.6
EBIT	17.1	22.1	5.6	7.1	7.7	9.3	29.7	6.2	7.5	7.9	10.6	32.2	38.0	45.6	55.5
Net financial items	-0.4	0.0	0.3	-0.1	-0.1	-0.7	-0.6	-0.4	-0.1	-0.1	-0.1	-0.7	-0.2	0.0	0.2
PTP	16.7	22.1	5.8	7.1	7.6	8.6	29.1	5.8	7.4	7.8	10.5	31.5	37.8	45.6	55.7
Taxes	-3.4	-4.8	-1.2	-1.7	-1.5	-2.9	-7.3	-1.5	-1.7	-1.8	-2.4	-7.4	-8.7	-10.5	-12.8
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	13.3	17.3	4.6	5.4	6.1	5.7	21.8	4.2	5.7	6.0	8.1	24.0	29.1	35.1	42.9
EPS (adj.)	0.58	0.74	0.18	0.22	0.24	0.23	0.86	0.17	0.23	0.24	0.32	0.95	1.14	1.37	1.66
EPS (rep.)	0.50	0.65	0.17	0.20	0.23	0.22	0.82	0.16	0.21	0.23	0.31	0.90	1.09	1.32	1.61

Key figures	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	23.4 %	29.1 %	20.6 %	29.5 %	24.1 %	18.9 %	23.1 %	14.9 %	11.2 %	17.8 %	13.5 %	14.3 %	16.5 %	17.0 %	17.1 %
Adjusted EBIT growth-%		27.8 %	6.6 %	57.6 %	27.5 %	19.3 %	25.9 %	10.6 %	5.1 %	2.8 %	13.4 %	8.1 %	17.2 %	19.5 %	21.1 %
EBITDA-%	35.5 %	32.6 %	31.7 %	32.7 %	35.4 %	36.1 %	34.1 %	30.5 %	31.4 %	31.2 %	36.2 %	32.6 %	32.5 %	33.1 %	34.0 %
Adjusted EBIT-%	31.4 %	31.1 %	29.0 %	30.4 %	33.0 %	34.1 %	31.8 %	27.9 %	28.8 %	28.8 %	34.0 %	30.1 %	30.3 %	31.0 %	32.0 %
Net earnings-%	21.9 %	22.0 %	22.6 %	22.2 %	25.2 %	20.2 %	22.5 %	18.3 %	21.0 %	21.1 %	25.3 %	21.7 %	22.5 %	23.2 %	24.3 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	69.8	70.8	71.9	73.0	74.0
Goodwill	59.8	59.8	59.8	59.8	59.8
Intangible assets	4.2	4.3	4.8	5.4	5.8
Tangible assets	2.6	2.8	3.3	3.9	4.5
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.4	0.4	0.4	0.4
Other non-current assets	1.9	1.9	1.9	1.9	1.9
Deferred tax assets	1.3	1.6	1.6	1.6	1.6
Current assets	40.8	52.5	66.3	88.3	113
Inventories	6.4	6.7	8.9	9.0	10.6
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	9.2	13.7	15.5	16.8	19.6
Cash and equivalents	25.2	32.1	41.9	62.5	83.2
Balance sheet total	125	136	150	172	197

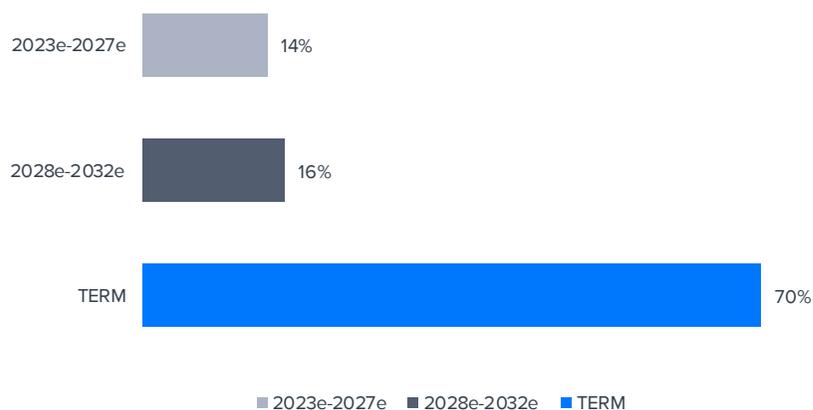
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	78.4	90.9	105	124	144
Share capital	5.3	5.3	5.3	5.3	5.3
Retained earnings	22.1	34.3	48.8	67.0	87.6
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	51.0	51.3	51.3	51.3	51.3
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	5.8	20.1	19.3	19.3	19.3
Deferred tax liabilities	3.6	3.7	3.7	3.7	3.7
Provisions	0.5	0.5	0.5	0.5	0.5
Long term debt	1.7	15.8	15.0	15.0	15.0
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
Current liabilities	40.4	25.2	25.2	28.8	33.2
Short term debt	23.5	5.0	3.0	3.0	3.0
Payables	16.9	20.2	22.2	25.8	30.2
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	125	136	150	172	197

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	23.1 %	14.3 %	16.5 %	17.0 %	17.1 %	16.0 %	12.0 %	9.0 %	8.0 %	5.0 %	3.0 %	3.0 %
EBIT-%	30.6 %	29.0 %	29.4 %	30.2 %	31.4 %	31.0 %	30.0 %	29.0 %	29.0 %	28.0 %	28.0 %	28.0 %
EBIT (operating profit)	29.7	32.2	38.0	45.6	55.5	63.6	68.9	72.6	78.4	79.5	81.9	
+ Depreciation	3.4	3.9	3.9	4.4	4.7	5.3	5.8	6.3	6.7	7.1	7.3	
- Paid taxes	-7.5	-7.4	-8.7	-10.5	-12.8	-14.7	-16.0	-16.9	-18.2	-18.5	-19.1	
- Tax, financial expenses	-0.2	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	
+ Tax, financial income	0.0	0.1	0.1	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.4	
- Change in working capital	-1.5	-2.0	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	24.0	26.5	35.4	39.4	47.4	54.2	58.9	62.2	67.1	68.3	70.4	
+ 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	-2.9	-3.8	-3.9	-4.2	-5.6	-6.2	-6.6	-7.0	-7.4	-7.4	-7.4	
Free operating cash flow	21.1	22.7	31.5	35.2	41.8	48.0	52.2	55.3	59.7	60.9	63.0	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	21.1	22.7	31.5	35.2	41.8	48.0	52.2	55.3	59.7	60.9	63.0	1445
Discounted FCFF		21.6	27.9	29.0	32.0	34.3	34.7	34.1	34.3	32.5	31.3	719
Sum of FCFF present value		1030	1009	981	952	920	886	851	817	782	750	719
Enterprise value DCF		1030										
- Interesting bearing debt		-20.8										
+ Cash and cash equivalents		32.1										
-Minorities		0.0										
-Dividend/capital return		-9.6										
Equity value DCF		1032										
Equity value DCF per share		38.8										

Cash flow distribution



WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	3.5 %
Equity Beta	1.05
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	7.5 %
Weighted average cost of capital (WACC)	7.5 %

Source: Inderes

Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	61.1	78.8	97.0	110.8	129.1	EPS (reported)	0.50	0.65	0.82	0.90	1.09
EBITDA	21.7	25.7	33.1	36.1	41.9	EPS (adj.)	0.58	0.74	0.86	0.95	1.14
EBIT	17.1	22.1	29.7	32.2	38.0	OCF / share	0.59	0.85	0.90	1.00	1.33
PTP	16.7	22.1	29.1	31.5	37.8	FCF / share	0.50	0.25	0.79	0.85	1.19
Net Income	13.3	17.3	21.8	24.0	29.1	Book value / share	2.62	2.94	3.42	3.96	4.65
Extraordinary items	-2.1	-2.4	-1.2	-1.2	-1.2	Dividend / share	0.32	0.34	0.36	0.41	0.55
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	114.4	124.6	136.1	149.8	171.7	Revenue growth-%	23%	29%	23%	14%	16%
Equity capital	69.7	78.4	90.9	105.4	123.6	EBITDA growth-%	49%	18%	29%	9%	16%
Goodwill	50.4	59.8	59.8	59.8	59.8	EBIT (adj.) growth-%	23%	28%	26%	8%	17%
Net debt	-1.9	0.0	-11.3	-23.9	-44.5	EPS (adj.) growth-%	23%	27%	17%	10%	20%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	35.5 %	32.6 %	34.1 %	32.6 %	32.5 %
EBITDA	21.7	25.7	33.1	36.1	41.9	EBIT (adj.)-%	31.4 %	31.1 %	31.8 %	30.1 %	30.3 %
Change in working capital	-2.1	2.4	-1.5	-2.0	2.2	EBIT-%	28.0 %	28.0 %	30.6 %	29.0 %	29.4 %
Operating cash flow	15.8	22.7	24.0	26.5	35.4	ROE-%	19.9 %	23.4 %	25.7 %	24.5 %	25.4 %
CAPEX	-2.5	-15.8	-2.9	-3.8	-3.9	ROI-%	17.9 %	22.1 %	27.6 %	27.7 %	29.1 %
Free cash flow	13.2	6.7	21.1	22.7	31.5	Equity ratio	60.9 %	63.0 %	66.8 %	70.3 %	72.0 %
						Gearing	-2.7 %	0.0 %	-12.5 %	-22.7 %	-36.0 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	21.9	18.8	10.5	9.2	7.7						
EV/EBITDA (adj.)	61.5	57.7	30.6	28.2	23.8						
EV/EBIT (adj.)	69.5	60.4	32.9	30.5	25.5						
P/E (adj.)	86.6	75.1	44.6	41.3	34.5						
P/B	19.2	18.9	11.3	9.9	8.4						
Dividend-%	0.6 %	0.6 %	0.9 %	1.0 %	1.4 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2/21/2020	Accumulate	31.00 €	28.85 €
3/19/2020	Buy	24.00 €	18.48 €
4/23/2020	Accumulate	25.00 €	22.75 €
8/7/2020	Reduce	34.00 €	33.50 €
10/23/2020	Reduce	36.00 €	38.05 €
12/21/2020	Reduce	44.00 €	48.65 €
2/12/2021	Accumulate	60.00 €	53.00 €
4/26/2021	Accumulate	65.00 €	59.20 €
<i>Analyst changed</i>			
6/9/2021	Accumulate	65.00 €	59.50 €
8/6/2021	Reduce	65.00 €	64.80 €
10/22/2021	Accumulate	58.00 €	55.40 €
2/11/2022	Accumulate	48.00 €	44.30 €
4/7/2022	Reduce	48.00 €	47.96 €
4/29/2022	Reduce	48.00 €	47.58 €
8/5/2022	Reduce	52.00 €	54.30 €
10/28/2022	Reduce	40.00 €	39.48 €
1/27/2023	Reduce	40.00 €	37.62 €
2/10/2023	Reduce	38.00 €	37.26 €
1/27/2023	Reduce	40.00 €	37.62 €
2/10/2023	Reduce	38.00 €	37.26 €
3/20/2023	Accumulate	38.00 €	34.66 €
4/28/2023	Reduce	38.00 €	39.24 €



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