

# Suominen

## Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Tuloskäännö on jo hinnoiteltu osakkeeseen" published on 10/27/2023 at 8:23 pm EEST

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# Earnings turnaround already priced in the share

Suominen's Q3 result improved from the comparison period and especially from the weak level earlier in the year but fell short of our forecasts. Guidance of improving adjusted EBITDA in the full year was reiterated. We lowered our forecasts again, but believe that the company will achieve the guidance. However, we feel that the share is already pricing a much better future, some type of normal earnings level, which we only expect the company to achieve in 2025. Thus, we reiterate our EUR 2.6 target price and raise our recommendation to Reduce (was Sell).

## Net sales fell clearly more than we expected

Suominen's Q3 net sales fell by almost 20%, which was 10% more than we expected. The decrease came from prices, volumes and currency, and especially the drop in volumes came as a surprise. In terms of volumes, the company referred to the weak market and the decreased volumes due to the Mozzate plant closure, although most of the volumes have been transferred to other plants. Suominen's result improved slightly from the comparison period and more clearly from the weak level earlier in the year. At EBIT level, however, the company is only just above zero, so the level is weak and fell short of our forecasts. The gross margin improved, although slower than expected, mainly thanks to the company's own efficiency measures. We believe lower prices compensate for lower raw material costs, and their net impact is not significant in terms of earnings one way or another.

## Guidance remained unchanged but earnings improvement will be small this year

Suominen reiterated its guidance and expects adjusted EBITDA for the full year to improve from last year's level (15.3 MEUR). After 9 months, the company is only marginally ahead of last year and has an EBITDA of 10.5 MEUR. Suominen's performance must remain at least on the Q3 level in Q4 to reach the guidance. Due to the weak Q3, we once again lowered our EBITDA estimates by EUR 2-3 million for 2023-25. We now expect 2023 adjusted EBITDA to reach EUR 16.5 million, which is slightly more than last year. In the early part of the year, we still expected a significant improvement compared to last year, so this year has been a disappointment for us.

## Earnings turnaround starts from a low level but can still be slower than expected

Suominen's result has been low for a few years. We believe the competitive situation is tighter than before the COVID years, as the sector invested heavily in new capacity when demand was high. We believe that Europe is now facing import pressure from, e.g., Turkey, China and India. We believe that this is also reflected in price/margin pressure for Suominen. As Suominen's production is almost entirely in countries with higher cost levels, it is also exposed to competition from cheaper production countries. Although the earnings turnaround seems to be finally starting, the earnings level is very low and we still see a risk that the turn will be slower than we expect.

## The share is already pricing normal earnings, we feel the expected return is weak

We now feel that Suominen's normal earnings level is around EUR 20 million, which we believe will materialize in 2025-26. With 2025 earnings, the company is valued more on the expensive side (P/E 13x, EV/EBIT 11x), which means that we expect earnings growth in the next few years will digest the multiples. Considering the limited competitive advantages, we do not believe that Suominen can achieve a return on capital that is substantially above the required return in the long term, and thus the P/B ratio should be close to 1x, so the 1.2x of 2025 seems a bit high. The expected return depends only on dividend yield, which is below 5% in the next few years due to lowered dividend estimates.

## Recommendation

**Reduce**  
(previous Sell)

**EUR 2.60**  
(previous EUR 2.60)

**Share price:**  
2.66



## Key figures

	2022	2023e	2024e	2025e
<b>Revenue</b>	493	450	450	459
<b>growth-%</b>	11%	-9%	0%	2%
<b>EBIT adj.</b>	-4.2	-1.8	13.3	18.7
<b>EBIT-% adj.</b>	-0.8 %	-0.4 %	3.0 %	4.1 %
<b>Net Income</b>	-13.9	-10.9	4.5	11.8
<b>EPS (adj.)</b>	-0.16	-0.11	0.13	0.20

<b>P/E (adj.)</b>	neg.	neg.	20.3	13.0
<b>P/B</b>	1.2	1.2	1.2	1.1
<b>Dividend yield-%</b>	3.3 %	1.9 %	3.0 %	3.8 %
<b>EV/EBIT (adj.)</b>	neg.	neg.	15.3	10.7
<b>EV/EBITDA</b>	15.8	17.2	7.2	5.6
<b>EV/S</b>	0.5	0.5	0.5	0.4

Source: Inderes

## Guidance

(Unchanged)

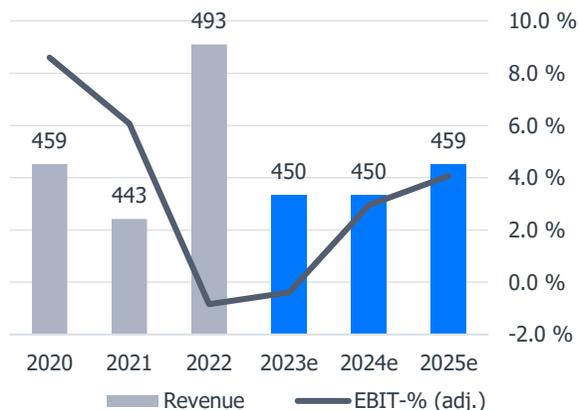
Suominen expects that its comparable EBITDA in 2023 will increase from 2022. In 2022, Suominen's comparable EBITDA was EUR 15 million.

### Share price



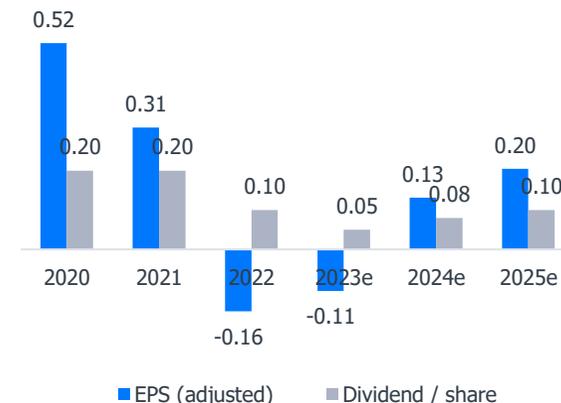
Source: Millistream Market Data AB

### Revenue and EBIT-%



Source: Inderes

### EPS and dividend



Source: Inderes



### Value drivers

- Earnings normalizing as cost inflation stabilizes
- 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	2023e	2024e	2025e
Share price	2.66	2.66	2.66
Number of shares, million:	57.5	57.5	57.5
Market cap	153	153	153
EV	205	203	200
P/E (adj.)	neg.	20.3	13.0
P/E	neg.	33.7	13.0
P/FCF	12.9	19.7	15.6
P/B	1.2	1.2	1.1
P/S	0.3	0.3	0.3
EV/Sales	0.5	0.5	0.4
EV/EBITDA	17.2	7.2	5.6
EV/EBIT (adj.)	neg.	15.3	10.7
Payout ratio (%)	neg.	101%	49%
Dividend yield-%	1.9 %	3.0 %	3.8 %

Source: Inderes

# Q3 earnings improved from earlier in the year but remained weak and fell short of expectations

## Net sales fell clearly more than we expected

Suominen's Q3 net sales fell by almost 20%, which was 10% more than we expected. The company reported that the organic change (adjusted for exchange rate changes) was about 15%. The decrease in prices represented the larger part of this, but the impact of the volume decrease was also significant. We had predicted a fall in prices, but it was probably higher than we estimated and the fall in volumes came as a surprise. In terms of volumes, the company referred to the weak market and decreased volumes due to the Mozzate plant closure, although most of the volumes have been transferred to other plants.

## Earnings development for the better but slower than expected

Suominen's result improved slightly from the comparison period and more clearly from the weak level earlier in the year. At EBIT level, however, the company is only just

above zero, so the level is weak and fell short of our forecasts. The gross margin improved, although slower than expected, mainly thanks to the company's own efficiency measures. We believe lower prices compensate for lower raw material costs, and their net impact is not significant in terms of earnings one way or another.

## Cash flow continued as strong

Despite poor performance, cash flow continued to be good in Q3. Operating cash flow amounted to EUR 8 million in the quarter, compared to EUR -11 million in the comparison period. Cumulatively, the company has generated EUR 18 million in operating cash flow this year almost entirely through the release of working capital. Seasonally, Q4 is a quarter in which working capital is released, but the company mentioned that it is now at pre-COVID levels and, therefore, we believe that the potential for reducing working capital in the future will be more limited.

## Net debt/EBITDA remains highish

As Suominen's result remains weak, the net debt/EBITDA ratio has also remained high and was around 3.3x at the end of Q3. Suominen has not announced its covenant levels. However, we do not believe that Suominen will be in trouble in terms of financing, as most of its debt is in the form of a bond that matures in 2027. If the result recovers according to our forecasts, leverage will fall in the future.

Estimates MEUR / EUR	Q3'22	Q3'23	Q3'23e	Q3'23e	Consensus		Difference (%)	2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	132	106	118	120			-10%	450
EBITDA (adj.)	5.1	5.2	6.7	-			-23%	16.8
EBITDA	5.1	5.2	6.7	6.5			-23%	12.0
EBIT (adj.)	0.2	0.7	2.1	1.7			-67%	-1.8
EBIT	0.2	0.6	2.1	-			-72%	-6.6
EPS (reported)	-0.01	0.01	0.02	0.02			-34%	-0.19
Revenue growth-%	33.7 %	-19.4 %	-10.7 %	-8.7 %			-8.6 pp	-8.8 %
EBIT-% (adj.)	0.2 %	0.6 %	1.8 %	1.4 %			-1.2 pp	-0.4 %

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

# Forecasts continue to decline

## Full-year guidance remains unchanged

Suominen reiterated its guidance and expects adjusted EBITDA for the full year to improve from last year's level (15.3 MEUR). After 9 months, the company is only marginally ahead of last year and has an EBITDA of EUR 10.5 million. Q4'22 was similar to Q3'23 in terms of earnings, so Suominen's performance must remain at least unchanged during the rest of the year for it to reach the guidance. The company has no lower limit for the earnings improvement so it seems even a small overshoot is in line with the guidance.

Due to the weak Q3, we cut our forecasts for this year again and now expect adjusted EBITDA to be EUR 16.5 million, which, in line with the guidance, is better than last year. We cut our 2023 dividend forecast to EUR 0.05. A loss-making result could also justify not paying a dividend, but last year the company paid a dividend of EUR 0.10

from a negative result, so we believe that the company wants to pay a dividend also this year. This is supported by the good cash flow of the year, despite the poor performance. A zero dividend would not come as a surprise to us, however.

## More cautious earnings outlook for coming years

As Suominen's volumes fall and the earnings recovery continues slower than expected, we also lowered our 2024-25 forecasts. We believe the competitive situation is tighter than before the COVID years, as the sector invested heavily in new capacity when demand was high. Suominen has said that Europe is now facing import pressure from, e.g., Turkey, China and India. We believe that this is also reflected in price/margin pressure for Suominen. As Suominen's production is almost entirely in countries with higher cost levels, it is also exposed to competition from cheaper production countries.

We still believe that an EBIT level of around EUR 20 million is some sort of normal for Suominen, but it will only be reached in 2025-26 according to our estimates. We also lowered our dividend forecasts for 2024-25.

Estimate revisions MEUR / EUR	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
	Old	New	%	Old	New	%	Old	New	%
Revenue	466	450	-4%	462	450	-3%	466	459	-2%
EBITDA	15.3	12.0	-22%	29.9	28.2	-6%	37.5	35.8	-5%
EBIT (exc. NRIs)	1.3	-1.8	-233%	15.0	13.3	-11%	20.0	18.7	-7%
EBIT	-3.4	-6.6	95%	12.0	10.3	-14%	20.0	18.7	-7%
PTP	-8.2	-11.5	41%	8.0	6.3	-21%	17.0	15.7	-8%
EPS (excl. NRIs)	-0.08	-0.11	28%	0.15	0.13	-14%	0.22	0.20	-8%
DPS	0.10	0.05	-50%	0.15	0.08	-47%	0.15	0.10	-33%

Source: Inderes

# Valuation becomes more neutral only with 2025 multiples

## Recommendation to Reduce

With earnings and balance sheet based multiples and supported by the DCF model, we repeat our target price of EUR 2.6 and raise the recommendation to Reduce (was Sell). The estimated earnings improvement will be digesting multiples in the next few years, which means that the investor's expected return mainly consists of dividend yield. Therefore, the expected return is 0-5%.

## Valuation quite neutral with 2025 figures

Due to the poor result, valuation multiples for 2022-23 cannot be calculated or they are high, and we feel the earnings level does not depict the company's normal level. We believe that the company's result will only reach the EUR 20 million EBIT level that we consider normal in 2025-26. For 2025, the company is valued at P/E 13x and EV/EBITDA 6x, which we believe are at the top of the acceptable multiple range for Suominen. We feel Suominen's acceptable valuation multiples in the current interest rate environment are P/E around 10-12x and EV/EBITDA 5-6x. The 2025 multiples are, however, still a little far away and assume a significant earnings improvement from the current level.

Suominen's P/B ratio is 1.2x in 2023-25. With our estimates the company can deliver a return on capital of around 10% starting from 2025, which is on par or slightly above our required return, so the correct P/B level is around 1x or slightly above in the longer term. In 2023-24, the return on capital is below our required return. With our reduced dividend forecasts, dividend yield is just under 2% for 2023 and 3-4% for 2024-25. As mentioned above, no dividend may be paid for this year due to a negative result.

## The value of the DCF model is around EUR 2.6

The value of the DCF model is around EUR 2.6, i.e. at the level of our target price. The model assumes a longer-term EBIT-% of 4.5% and thus an EBIT of EUR 20-25 million. We use a 8.7% WACC for Suominen, which gives the company a debt-free value of good EUR 200 million and the value of the share capital is approximately EUR 150 million.

## Longer-term return potential is 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. We expect that the company can pay good 5% dividend yield in the longer term compared to the current share price, which also supports the longer-term expected return. However, the expected return in both the short and long term is 0-10% which is below our required return.

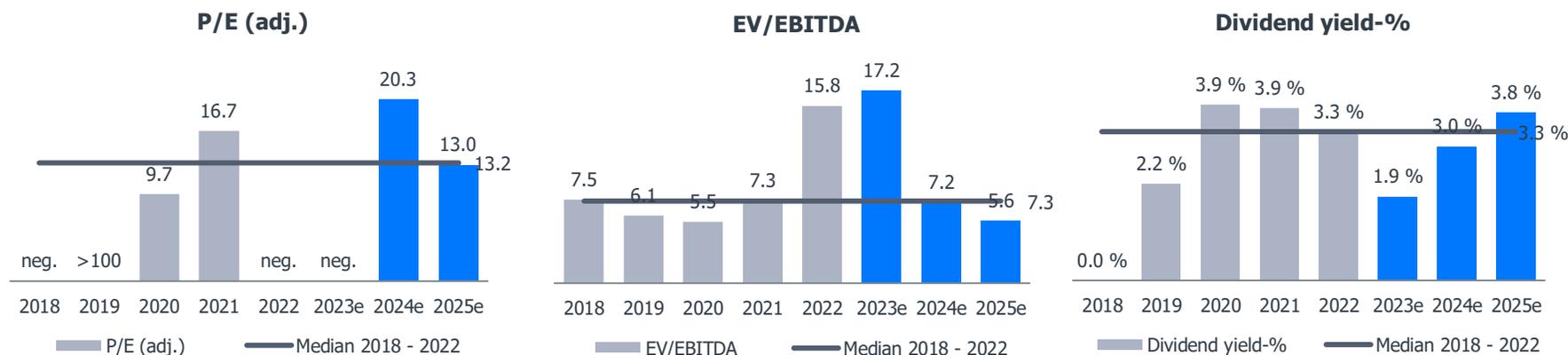
Valuation	2023e	2024e	2025e
Share price	2.66	2.66	2.66
Number of shares, million	57.5	57.5	57.5
Market cap	153	153	153
EV	205	203	200
P/E (adj.)	neg.	20.3	13.0
P/E	neg.	33.7	13.0
P/FCF	12.9	19.7	15.6
P/B	1.2	1.2	1.1
P/S	0.3	0.3	0.3
EV/Sales	0.5	0.5	0.4
EV/EBITDA	17.2	7.2	5.6
EV/EBIT (adj.)	neg.	15.3	10.7
Payout ratio (%)	neg.	101%	49%
Dividend yield-%	1.9 %	3.0 %	3.8 %

Source: Inderes

# Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	2.05	2.31	5.08	5.18	3.00	2.66	2.66	2.66	2.66
Number of shares, millions	57.5	57.5	57.5	57.5	57.5	57.5	57.5	57.5	57.5
Market cap	118	133	292	298	172	153	153	153	153
EV	192	204	334	345	226	205	203	200	196
P/E (adj.)	neg.	>100	9.7	16.7	neg.	neg.	20.3	13.0	11.1
P/E	neg.	>100	9.7	14.4	neg.	neg.	33.7	13.0	11.1
P/FCF	5.5	6.3	5.8	>100	22.4	12.9	19.7	15.6	13.6
P/B	0.9	1.0	2.0	1.8	1.2	1.2	1.2	1.1	1.0
P/S	0.3	0.3	0.6	0.7	0.3	0.3	0.3	0.3	0.3
EV/Sales	0.4	0.5	0.7	0.8	0.5	0.5	0.5	0.4	0.4
EV/EBITDA	7.5	6.1	5.5	7.3	15.8	17.2	7.2	5.6	5.3
EV/EBIT (adj.)	41.7	25.1	8.5	12.8	neg.	neg.	15.3	10.7	9.9
Payout ratio (%)	0.0 %	1282.8 %	38.2 %	55.4 %	neg.	neg.	101.5 %	48.8 %	50.0 %
Dividend yield-%	0.0 %	2.2 %	3.9 %	3.9 %	3.3 %	1.9 %	3.0 %	3.8 %	4.5 %

Source: Inderes



# Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Huhtamäki	3351	4903	13.4	12.1	8.5	8.0	1.2	1.1	14.2	12.8	3.3	3.7	1.7
Duni	387	533	10.3	8.8	7.3	6.5	0.8	0.8	12.7	10.6	3.6	4.6	1.3
Sealed Air	4754	9147	11.6	10.5	8.9	8.2	1.8	1.7	12.2	10.7	2.3	2.3	8.1
Riverstone	618	439	8.6	7.4	7.1	6.2	2.1	1.8	14.5	13.1	5.5	5.1	1.7
Berry Plastics	7059	15102	12.3	11.3	7.9	7.5	1.3	1.2	8.7	8.0	1.6	1.6	2.3
Glatfelter	111	866	15.7		7.3		0.6		7.7				
<b>Suominen (Inderes)</b>	<b>153</b>	<b>205</b>	<b>-115.5</b>	<b>15.3</b>	<b>17.2</b>	<b>7.2</b>	<b>0.5</b>	<b>0.5</b>	<b>-25.2</b>	<b>20.3</b>	<b>1.9</b>	<b>3.0</b>	<b>1.2</b>
<b>Average</b>			<b>12.0</b>	<b>10.0</b>	<b>7.8</b>	<b>7.3</b>	<b>1.3</b>	<b>1.3</b>	<b>11.7</b>	<b>11.0</b>	<b>3.3</b>	<b>3.4</b>	<b>3.0</b>
<b>Median</b>			<b>11.9</b>	<b>10.5</b>	<b>7.6</b>	<b>7.5</b>	<b>1.2</b>	<b>1.2</b>	<b>12.4</b>	<b>10.7</b>	<b>3.3</b>	<b>3.7</b>	<b>1.7</b>
<b>Diff-% to median</b>			<b>-1069%</b>	<b>45%</b>	<b>127%</b>	<b>-4%</b>	<b>-62%</b>	<b>-64%</b>	<b>-303%</b>	<b>89%</b>	<b>-42%</b>	<b>-18%</b>	<b>-30%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	2024e	2025e	2026e
<b>Revenue</b>	<b>443</b>	<b>110</b>	<b>118</b>	<b>132</b>	<b>133</b>	<b>493</b>	<b>117</b>	<b>113</b>	<b>106</b>	<b>114</b>	<b>450</b>	<b>450</b>	<b>459</b>	<b>464</b>
<b>EBITDA</b>	<b>47.0</b>	<b>3.3</b>	<b>1.9</b>	<b>5.1</b>	<b>4.0</b>	<b>14.3</b>	<b>2.6</b>	<b>-1.9</b>	<b>5.1</b>	<b>6.2</b>	<b>12.0</b>	<b>28.2</b>	<b>35.8</b>	<b>37.1</b>
Depreciation	-20.1	-4.6	-4.8	-4.9	-9.0	-23.2	-4.7	-4.8	-4.5	-4.6	-18.6	-17.9	-17.0	-17.2
<b>EBIT (excl. NRI)</b>	<b>26.9</b>	<b>-1.3</b>	<b>-2.9</b>	<b>0.2</b>	<b>-0.2</b>	<b>-4.2</b>	<b>-2.0</b>	<b>-2.1</b>	<b>0.7</b>	<b>1.6</b>	<b>-1.8</b>	<b>13.3</b>	<b>18.7</b>	<b>19.9</b>
<b>EBIT</b>	<b>26.9</b>	<b>-1.3</b>	<b>-2.9</b>	<b>0.2</b>	<b>-5.0</b>	<b>-9.0</b>	<b>-2.1</b>	<b>-6.7</b>	<b>0.6</b>	<b>1.6</b>	<b>-6.6</b>	<b>10.3</b>	<b>18.7</b>	<b>19.9</b>
Net financial items	-0.4	-0.9	0.7	-0.1	-2.6	-2.9	-1.5	-1.3	-1.2	-1.0	-5.0	-4.0	-3.0	-1.5
<b>PTP</b>	<b>26.6</b>	<b>-2.2</b>	<b>-2.2</b>	<b>0.1</b>	<b>-7.6</b>	<b>-11.9</b>	<b>-3.6</b>	<b>-8.0</b>	<b>-0.6</b>	<b>0.6</b>	<b>-11.5</b>	<b>6.3</b>	<b>15.7</b>	<b>18.4</b>
Taxes	-5.8	-0.1	-0.1	-0.5	-1.2	-2.0	-0.3	-0.2	1.3	-0.1	0.7	-1.8	-3.9	-4.6
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
<b>Net earnings</b>	<b>20.7</b>	<b>-2.3</b>	<b>-2.3</b>	<b>-0.4</b>	<b>-8.8</b>	<b>-13.9</b>	<b>-3.9</b>	<b>-8.2</b>	<b>0.8</b>	<b>0.5</b>	<b>-10.9</b>	<b>4.5</b>	<b>11.8</b>	<b>13.8</b>
<b>EPS (adj.)</b>	<b>0.31</b>	<b>-0.04</b>	<b>-0.04</b>	<b>-0.01</b>	<b>-0.07</b>	<b>-0.16</b>	<b>-0.07</b>	<b>-0.06</b>	<b>0.01</b>	<b>0.01</b>	<b>-0.11</b>	<b>0.13</b>	<b>0.20</b>	<b>0.24</b>
<b>EPS (rep.)</b>	<b>0.36</b>	<b>-0.04</b>	<b>-0.04</b>	<b>-0.01</b>	<b>-0.15</b>	<b>-0.24</b>	<b>-0.07</b>	<b>-0.14</b>	<b>0.01</b>	<b>0.01</b>	<b>-0.19</b>	<b>0.08</b>	<b>0.20</b>	<b>0.24</b>
<b>Key figures</b>	<b>2021</b>	<b>Q1'22</b>	<b>Q2'22</b>	<b>Q3'22</b>	<b>Q4'22</b>	<b>2022</b>	<b>Q1'23</b>	<b>Q2'23</b>	<b>Q3'23</b>	<b>Q4'23e</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
<b>Revenue growth-%</b>	-3.4 %	-4.4 %	3.8 %	33.7 %	15.1 %	11.3 %	5.9 %	-4.5 %	-19.4 %	-14.3 %	-8.8 %	0.0 %	2.0 %	1.0 %
<b>Adjusted EBIT growth-%</b>	-31.8 %	-109.3 %	-128.1 %	-124.0 %	-104.9 %	-115.4 %	58%	-28%	247%	-950%	-57%	-848%	40.7 %	6.3 %
<b>EBITDA-%</b>	10.6 %	3.0 %	1.6 %	3.9 %	3.0 %	2.9 %	2.2 %	-1.7 %	4.8 %	5.5 %	2.7 %	6.3 %	7.8 %	8.0 %
<b>Adjusted EBIT-%</b>	6.1 %	-1.1 %	-2.5 %	0.2 %	-0.1 %	-0.8 %	-1.7 %	-1.9 %	0.7 %	1.4 %	-0.4 %	3.0 %	4.1 %	4.3 %
<b>Net earnings-%</b>	4.7 %	-2.1 %	-2.0 %	-0.3 %	-6.6 %	-2.8 %	-3.3 %	-7.3 %	0.7 %	0.4 %	-2.4 %	1.0 %	2.6 %	3.0 %

Source: Inderes

# Balance sheet

Assets	2021	2022	2023e	2024e	2025e
<b>Non-current assets</b>	<b>162</b>	<b>154</b>	<b>147</b>	<b>141</b>	<b>142</b>
Goodwill	15.5	15.5	15.5	15.5	15.5
Intangible assets	13.2	9.7	9.8	9.9	10.0
Tangible assets	131	128	120	114	115
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.5	0.5	0.5	0.5	0.5
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	1.7	0.7	1.7	1.7	1.7
<b>Current assets</b>	<b>225</b>	<b>189</b>	<b>145</b>	<b>147</b>	<b>150</b>
Inventories	49.8	63.3	49.5	51.7	52.8
Other current assets	8.0	9.6	9.6	9.6	9.6
Receivables	65.5	66.6	58.5	58.5	59.7
Cash and equivalents	101	49.5	27.6	27.0	27.5
<b>Balance sheet total</b>	<b>387</b>	<b>343</b>	<b>292</b>	<b>288</b>	<b>292</b>

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
<b>Equity</b>	<b>163</b>	<b>146</b>	<b>129</b>	<b>131</b>	<b>138</b>
Share capital	11.9	11.9	11.9	11.9	11.9
Retained earnings	56.5	30.7	14.1	15.7	22.9
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	94.8	103	103	103	103
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>78.8</b>	<b>74.6</b>	<b>75.1</b>	<b>85.3</b>	<b>83.1</b>
Deferred tax liabilities	13.9	11.7	11.7	11.7	11.7
Provisions	1.9	2.0	3.0	2.0	2.0
Interest bearing debt	62.3	60.5	60.0	71.2	69.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.7	0.4	0.4	0.4	0.4
<b>Current liabilities</b>	<b>145</b>	<b>123</b>	<b>87.8</b>	<b>71.8</b>	<b>70.6</b>
Interest bearing debt	86.8	42.9	20.0	6.2	6.0
Payables	57.2	79.8	67.5	65.2	64.3
Other current liabilities	0.7	0.3	0.3	0.3	0.3
<b>Balance sheet total</b>	<b>387</b>	<b>344</b>	<b>292</b>	<b>288</b>	<b>292</b>

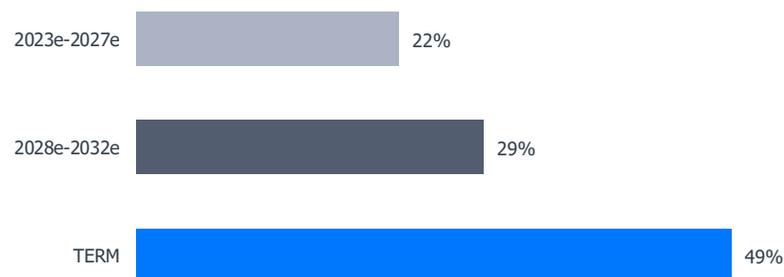
# DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	11.3 %	-8.8 %	0.0 %	2.0 %	1.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	-1.8 %	-1.5 %	2.3 %	4.1 %	4.3 %	4.5 %	4.5 %	4.5 %	4.5 %	4.5 %	4.5 %	4.5 %
<b>EBIT (operating profit)</b>	<b>-9.0</b>	<b>-6.6</b>	<b>10.3</b>	<b>18.7</b>	<b>19.9</b>	<b>21.3</b>	<b>21.7</b>	<b>22.1</b>	<b>22.6</b>	<b>23.0</b>	<b>23.5</b>	
+ Depreciation	23.2	18.5	17.9	17.0	17.2	17.3	17.4	17.5	17.6	12.0	12.3	
- Paid taxes	-3.2	-0.3	-1.8	-3.9	-4.6	-4.6	-4.8	-4.9	-5.0	-5.1	-5.2	
- Tax, financial expenses	0.7	-0.3	-1.1	-0.8	-0.4	-0.7	-0.7	-0.7	-0.7	-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	6.0	9.6	-4.5	-3.2	-2.8	-1.0	-1.0	-1.1	-1.1	-1.1	-1.1	
<b>Operating cash flow</b>	<b>17.7</b>	<b>20.9</b>	<b>20.9</b>	<b>27.9</b>	<b>29.3</b>	<b>32.3</b>	<b>32.7</b>	<b>33.0</b>	<b>33.4</b>	<b>28.2</b>	<b>28.8</b>	
+ Change in other long-term liabilities	-0.2	1.1	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-9.8	-10.1	-12.1	-18.1	-18.1	-18.1	-18.1	-18.1	17.2	-13.9	-14.2	
<b>Free operating cash flow</b>	<b>7.7</b>	<b>11.9</b>	<b>7.8</b>	<b>9.8</b>	<b>11.2</b>	<b>14.2</b>	<b>14.6</b>	<b>14.9</b>	<b>50.6</b>	<b>14.3</b>	<b>14.5</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	7.7	11.9	7.8	9.8	11.2	14.2	14.6	14.9	50.6	14.3	14.5	222
<b>Discounted FCFF</b>		<b>11.7</b>	<b>7.0</b>	<b>8.2</b>	<b>8.6</b>	<b>10.0</b>	<b>9.4</b>	<b>8.9</b>	<b>27.8</b>	<b>7.2</b>	<b>6.7</b>	<b>103</b>
Sum of FCFF present value		208	197	190	182	173	163	154	145	117	110	103
<b>Enterprise value DCF</b>		<b>208</b>										
- Interest bearing debt		-103.4										
+ Cash and cash equivalents		49.5										
-Minorities		0.0										
-Dividend/capital return		-5.7										
<b>Equity value DCF</b>		<b>149</b>										
<b>Equity value DCF per share</b>		<b>2.6</b>										

WACC	
Tax-% (WACC)	25.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.0 %
Equity Beta	1.35
Market risk premium	4.75%
Liquidity premium	1.25%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>10.2 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.7 %</b>

Source: Inderes

## Cash flow distribution



# Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	458.9	443.2	493.3	<b>449.9</b>	<b>449.9</b>	EPS (reported)	0.52	0.36	-0.24	<b>-0.19</b>	<b>0.08</b>
EBITDA	60.9	47.0	14.3	<b>11.9</b>	<b>28.2</b>	EPS (adj.)	0.52	0.31	-0.16	<b>-0.11</b>	<b>0.13</b>
EBIT	39.5	26.9	-9.0	<b>-6.6</b>	<b>10.3</b>	OCF / share	0.96	0.34	0.31	<b>0.36</b>	<b>0.36</b>
PTP	33.9	26.6	-11.9	<b>-11.5</b>	<b>6.3</b>	FCF / share	0.88	0.03	0.13	<b>0.21</b>	<b>0.13</b>
Net Income	30.1	20.7	-13.9	<b>-10.9</b>	<b>4.5</b>	Book value / share	2.54	2.84	2.54	<b>2.25</b>	<b>2.28</b>
Extraordinary items	0.0	0.0	-4.8	<b>-4.8</b>	<b>-3.0</b>	Dividend / share	0.20	0.20	0.10	<b>0.05</b>	<b>0.08</b>
<b>Balance sheet</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>Growth and profitability</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>
Balance sheet total	317.4	386.7	343.5	<b>292.2</b>	<b>288.1</b>	Revenue growth-%	12%	-3%	11%	<b>-9%</b>	<b>0%</b>
Equity capital	145.9	163.2	146.0	<b>129.3</b>	<b>131.0</b>	EBITDA growth-%	81%	-23%	-70%	<b>-17%</b>	<b>137%</b>
Goodwill	15.5	15.5	15.5	<b>15.5</b>	<b>15.5</b>	EBIT (adj.) growth-%	386%	-32%	-115%	<b>-57%</b>	<b>-848%</b>
Net debt	42.4	47.8	53.9	<b>52.4</b>	<b>50.4</b>	EPS (adj.) growth-%	13345%	-41%	-151%	<b>-33%</b>	<b>-224%</b>
<b>Cash flow</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	EBITDA-%	13.3 %	10.6 %	2.9 %	<b>2.6 %</b>	<b>6.3 %</b>
EBITDA	60.9	47.0	14.3	<b>11.9</b>	<b>28.2</b>	EBIT (adj.)-%	8.6 %	6.1 %	-0.8 %	<b>-0.4 %</b>	<b>3.0 %</b>
Change in working capital	0.3	-24.7	6.0	<b>9.6</b>	<b>-4.5</b>	EBIT-%	8.6 %	6.1 %	-1.8 %	<b>-1.5 %</b>	<b>2.3 %</b>
Operating cash flow	55.4	19.4	17.7	<b>20.9</b>	<b>20.9</b>	ROE-%	21.6 %	13.4 %	-9.0 %	<b>-7.9 %</b>	<b>3.5 %</b>
CAPEX	-5.0	-17.6	-9.8	<b>-10.1</b>	<b>-12.1</b>	ROI-%	16.2 %	9.7 %	-3.2 %	<b>-2.9 %</b>	<b>4.9 %</b>
Free cash flow	50.5	1.8	7.7	<b>11.9</b>	<b>7.8</b>	Equity ratio	46.0 %	42.2 %	42.5 %	<b>44.3 %</b>	<b>45.5 %</b>
						Gearing	29.1 %	29.3 %	36.9 %	<b>40.5 %</b>	<b>38.5 %</b>

Source: Inderes

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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 €



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