

Enento Group

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Epävarmuutta ilmassa” published on 2/12/2024 at 8:02 am EET

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Uncertainty in the air

Enento's Q4 figures fell slightly short of our forecasts as the headwind from the operating environment was stronger than we suspected. To our disappointment, the company did not provide guidance for 2024, especially due to the low visibility in the Swedish business. After our forecast cuts, the valuation for 2024 is rather neutral due to short-term challenges (adj. P/E 18x and EV/EBIT 13x). Looking one year ahead, the situation looks brighter, when the valuation (adj. P/E 13x and EV/EBIT 11.6x) is already at an attractive level, which is why we still consider the share's risk/return ratio good. We revise our target price to EUR 20.0 (was EUR 21.0) and reiterate our Accumulate recommendation.

The headwind on the market was slightly stronger than we predicted

Enento's reported Q4 revenue decreased by 9% to 38.9 MEUR, slightly below our forecast of 39.9 MEUR. As expected, the weakness concentrated geographically on Sweden and by business area on Consumer Insight. Enento's adjusted EBIT was 10.5 MEUR (27% of revenue) in Q4, slightly below our forecast of 11.0 MEUR. This was a good performance considering the volume drop. However, reported EBIT (5.9 MEUR) was more clearly below our forecast (8.3 MEUR) due to high non-recurring restructuring costs (-2.3 MEUR). In addition, interest expenses had risen above our expectations due to the interest rate adjustment in the fall, and reported EPS fell clearly short of our expectations (Q4'23: EUR 0.09 vs. estimate EUR 0.22). The Board of Directors proposes a dividend of EUR 1.0 per share as expected (in two installments). In addition to this, the company launched a third small share buyback program in the year (maximum EUR 2 MEUR, some 0.4% of the share capital).

No guidance given for the year, so 2024 is still covered in fog

Citing the volatility of the operating environment (especially in the Swedish consumer credit information sector), the company did not issue a guidance for 2024. This was a clear disappointment to us, as in general, we have considered the company's business to be relatively predictable. As the visibility was weak, we would have appreciated even a broad guidance. However, the company verbally commented that H1 will be challenging, but there are signs of recovery in H2, although there is still uncertainty related to this. As a whole, the headwind generated by the market is slightly stronger than our previous expectations, but these are temporary challenges. After the report, our revenue forecasts for the coming years decreased by some 3% and our adjusted EBIT forecast by approximately 6%. We now expect Enento's revenue to remain stable this year at 156 MEUR, which would mean a slight decrease in comparable terms. We expect adjusted EBIT to decrease slightly to 45.0 MEUR (28.6% of revenue).

We find the risk/return ratio good despite short-term challenges

Enento's EV/EBIT ratios for 2024-2025 are 13x-11.6x and the corresponding P/E ratios are 18x-13x. In particular, the P/E ratio for 2024 is elevated due to the increased financing costs and there is downside in the ratio. Looking at next year, we feel the valuation turns attractive again thanks to improving operational performance and declining financing costs. We see the company's earnings growth potential for the coming years as good from the weak 2024 level (approximately 8%), in addition to which a dividend yield of some 6% will provide significant support for the expected return. Despite short-term challenges, we find the risk/return ratio of the share good, which supports sticking with the share.

Recommendation

Accumulate

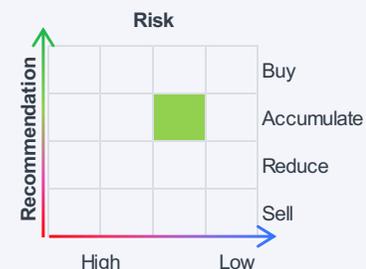
(previous Accumulate)

EUR 20.00

(previous EUR 21.00)

Share price:

18.26



Key figures

	2023	2024e	2025e	2026e
Revenue	155.9	155.8	164.1	171.2
growth-%	-7%	0%	5%	4%
EBIT adj.	46.0	45.0	49.6	53.0
EBIT-% adj.	29.5 %	28.9 %	30.2 %	30.9 %
Net Income	17.6	16.2	24.5	28.9
EPS (adj.)	1.05	1.00	1.36	1.55

P/E (adj.)	18.5	18.3	13.4	11.8
P/B	1.6	1.6	1.6	1.5
Dividend yield-%	5.1 %	5.5 %	5.8 %	6.0 %
EV/EBIT (adj.)	13.4	13.0	11.6	10.7
EV/EBITDA	12.1	10.9	9.7	8.9
EV/S	3.9	3.8	3.5	3.3

Source: Inderes

Guidance

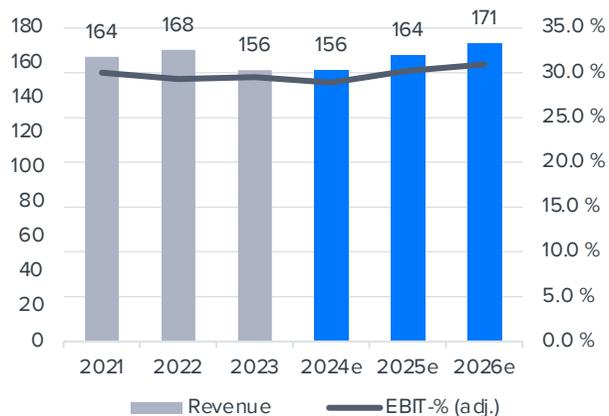
(No guidance)

Share price



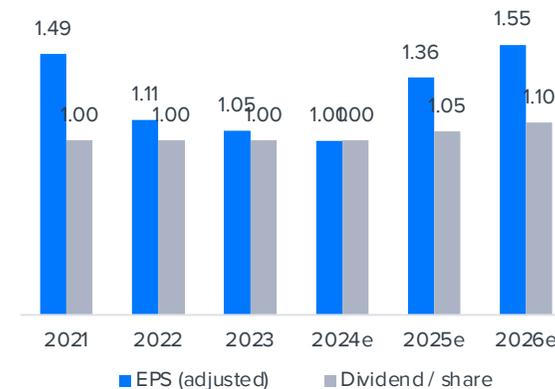
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Steady growth and strong profitability
- Stable cash flow enables investments for growth
- Well-known and respected brands in the Nordic countries
- Mainly defensive income streams
- Potential longer-term efficiency gains from building the new technology platform
- M&A option (potential buyer and target)



Risk factors

- In the short term, the growth outlook is weak in a challenging market environment
- Dependence on the Nordic banking sector
- Failure to build a unified technology platform
- Regulatory changes can lead to changes in the operating environment

Valuation	2024e	2025e	2026e
Share price	18.3	18.3	18.3
Number of shares, millions	23.6	23.6	23.6
Market cap	432	432	432
EV	585	577	567
P/E (adj.)	18.3	13.4	11.8
P/E	26.7	17.6	15.0
P/B	1.6	1.6	1.5
P/S	2.8	2.6	2.5
EV/Sales	3.8	3.5	3.3
EV/EBITDA	10.9	9.7	8.9
EV/EBIT (adj.)	13.0	11.6	10.7
Payout ratio (%)	146.3 %	101.5 %	90.1 %
Dividend yield-%	5.5 %	5.8 %	6.0 %

Source: Inderes

Market dip was stronger than we expected (1/2)

Volumes fell more than expected

Enento's reported Q4 revenue decreased by 9% to 38.9 MEUR, falling short of our 39.9 MEUR forecast. At comparable exchange rates and adjusted for the divestment of the Tambur platform, revenue decreased by 5.5%. Based on the profit warning issued in the fall and the outlook provided in connection with Q3, it was clear that the outlook for the rest of the year was weak. However, revenue development was even more subdued than we expected. Problems have concentrated especially on the Swedish business (revenue -18% in EUR), where consumer demand for loans is very weak. In contrast, Finland's revenue actually grew slightly (+2%). For the whole year, comparable revenue decreased by 1.4% so the company barely avoided a new profit warning (guidance: comparable revenue will decrease by 0-1.5%).

As expected, the revenue drop was driven by the Consumer Insight business area, where revenue fell by 14% to 16.3 MEUR (comparable -11%). The sharp

decline was explained in particular by the weak demand for consumer credit information services in Sweden, driven by the factors mentioned above. However, the company again stressed that it has not lost customers. In the midst of Consumer Insight's challenges, the increased demand for the company's e-commerce services and the new "significant" customer won here can be highlighted as the bright spot.

The Business Insight business area continued to perform more strongly, as expected, but here too the macro environment presents challenges, especially in Sweden. The reported revenue of the business area decreased by 6% to 20.9 MEUR, but adjusted for the Tambur platform and in comparable currencies, revenue decreased by 1%.

Profitability at a reasonable level

Enento's adjusted Q4 EBIT weakened as expected and was 10.5 MEUR (Q4'22: 13.3 MEUR), slightly below our forecast. This corresponded to an EBIT

margin of 27% (Q4'22: 30.9%). Profitability deteriorated as expected with the volume drop, while the cost structure is largely fixed. On the other hand, profitability was supported by cost adjustments, such as the change negotiations in early 2023 and the move of the Stockholm office. The reported result was also burdened by significant non-recurring items related to updating the Swedish IT platform. Reported EBIT was only 5.9 MEUR, although here it is worth noting non-cash-flow-related PPA depreciation (2.4 MEUR). In the big picture, the operating result was slightly disappointing, but it was mainly explained by lower revenue than we expected driven by the market situation and the company has performed well in its own adjustment efforts.

In addition, net financial expenses in the bottom lines of the income statement were higher than expected due to the interest rate adjustment on the company's largest loan in September. As a sum of these factors, the reported EPS amounted to only EUR 0.09, which was significantly below our forecast of EUR 0.22.

Estimates MEUR / EUR	Q4'22	Q4'23	Q4'23e	Q4'23e	Consensus		Difference (%)	2023
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Toteutunut
Revenue	42.9	38.9	39.9	39.8	-	-	-3%	156
Käyttökate (oik.)	16.0	13.4	13.7	14.1	-	-	-	57.5
EBIT (adj.)	13.3	10.5	11.0	11.5	-	-	-4%	46.0
EBIT	-0.5	5.9	8.3	8.8	-	-	-29%	30.4
EPS (reported)	-0.08	0.09	0.22	0.23	-	-	-58%	
DPS	1.00	1.00	1.00	-	-	-	0%	1.00
Revenue growth-%	-0.4 %	-9.4 %	-7.0 %	-7.3 %	-	-	-2.4 pp	-6.9 %
EBIT-% (adj.)	30.9 %	27.0 %	27.5 %	28.9 %	-	-	-0.5 pp	29.5 %

Source: Inderes & Enento (6 estimates, 2/5/2024) (consensus)

Watch our CEO interview (in English):



Market dip was stronger than we expected (2/2)

Efficiency program expanded and the pace of the technology reform slows down

According to the company efficiency gains of 6.3 MEUR were achieved in the efficiency program by the end of the year. At the same time, the company announced that it will increase its savings target to 10 MEUR, so the efficiency measures will continue in 2024. This is needed as challenging market conditions depress revenue, while cost inflation continues to put some pressure on the expense side. The company did not open all new savings targets yet, but we believe that some of these are related to improving the efficiency of IT operations.

Enento also said that it will slow down the pace of a uniformed Nordic technology reform. At this stage, the company will focus on projects that deliver fast and guaranteed efficiency gains. In our view, this is

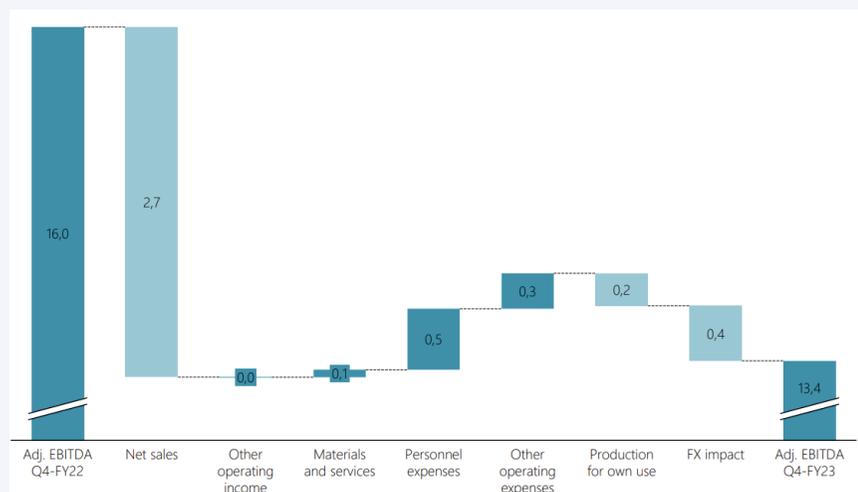
justified in the current market situation, although in the case of the technology reform the timetable has been delayed in the past, which raises certain questions.

The balance sheet situation allows a robust profit distribution

Enento's operating cash flow in Q4 was at a good level of 11.1 MEUR, supported by the release of working capital. After investments, cash flow was 8.5 MEUR. Enento's balance sheet was in good condition at the turn of the year, with a net gearing of 49.5%. Net debt relative to adjusted EBITDA was 2.4x, which is well below the company's 3.0x target. The Board of Directors proposed a dividend of EUR 1.0 per share (in two installments of EUR 0.50), which was also our expectation. At the same time, the company announced the launch of a small 2 MEUR share buy-

back program. Despite the small size of the program, we consider this an encouraging sign that the company itself sees the challenges as temporary.

Bridge calculation on the changes in Q4 adjusted EBITDA:



The outlook is foggy

No guidance was given

Citing the volatility of the operating environment (especially in the Swedish consumer credit information sector), the company did not issue a guidance for 2024. This was a clear disappointment to us, as in the past the company has provided relatively detailed guidance. In general, we consider the company's business to be quite predictable, and not providing any guidance is a slight shock to this view. We feel that when visibility is low, the company would have been justified in providing a broader guidance including different scenarios and refine the guidance as the year progressed. On the other hand, it is also worth noting that the macro environment is currently challenging for many companies and Enento is not alone with low visibility. We expect the company to provide a guidance at some point this year.

However, the company commented verbally that it expects H1 to be challenging, and although signs of recovery are visible for the second half, these are still uncertain. In the big picture, this is largely in line with our expectations, although the market dip is slightly deeper than we expected. Thus, there is still

considerable uncertainty regarding the development of the operating environment. We believe a permanent decline in interest rates would be a clear positive driver for the company as this would support the demand for lending.

With the report, we made 3% cuts to our revenue forecasts for the next few years. Due to the company's mainly fixed cost structure, changes in volume are also strongly reflected in our earnings forecasts, which decreased in terms of adjusted EBIT by 6%. In terms of reported result figures, the forecast cuts were larger, as we raised our forecasts of costs affecting comparability. For EPS the forecasts were also influenced by raised financing cost estimates (especially for 2024).

Estimates for 2024-2025

We now expect that Enento's revenue will remain at the level of the comparison period this year at 156 MEUR. We expect revenue growth to still be clearly negative in H1 and the company to return to both revenue and earnings growth in Q3'24. This is supported, in particular, by weak comparison periods, but we also expect the market environment to start

to ease slightly towards the end of the year. In general, revenue development is also supported by price increases as the company includes price clauses in its contracts, although we do not expect the company to implement particularly strong price increases. Due to low visibility, the forecast still contains significant uncertainty at this stage. At the current SEK exchange rate, currencies should turn into a tailwind this year, and our current forecast expects comparable revenue to fall slightly from 2023 levels. We expect adjusted EBIT to decline a tad to 45.0 MEUR (2023: 46.0 MEUR) which would still correspond to a strong adjusted EBIT margin of 28.9%.

In 2025, we expect the company to return to a more normal operating environment and revenue to grow by good 5% to 164 MEUR. The recovery of consumer credit information services plays a crucial role here, and we also expect Business Insight to continue to perform steadily. We expect adjusted EBIT to increase to EUR 49.6 million (30.2% of revenue). The profitability improvement is particularly supported by volume growth (high gross margins) and the company's efficiency measures.

Estimate revisions MEUR / EUR	2023	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	157	156	-1%	161	156	-3%	169	164	-3%
EBITDA	53.4	51.1	-4%	58.9	53.8	-9%	63.1	59.8	-5%
EBIT (exc. NRIs)	46.5	46.0	-1%	47.7	45.0	-6%	52.6	49.6	-6%
EBIT	32.9	30.4	-8%	37.5	32.4	-13%	43.1	39.5	-9%
PTP	25.8	22.2	-14%	31.1	21.5	-31%	36.8	31.2	-15%
EPS (excl. NRIs)	1.17	1.05	-10%	1.36	1.00	-27%	1.51	1.36	-10%
DPS	1.00	1.00	0%	1.05	1.00	-5%	1.10	1.05	-5%

Investment profile

1.

Moderate growth, strong profitability and stable cash flow

2.

A well-known brand and a strong position, especially among Nordic banks

3.

Cost structure that scales with transaction volumes

4.

Mainly defensive revenue flows, but cyclical items also included

5.

Building a Nordic technology platform for efficiency gains

Potential



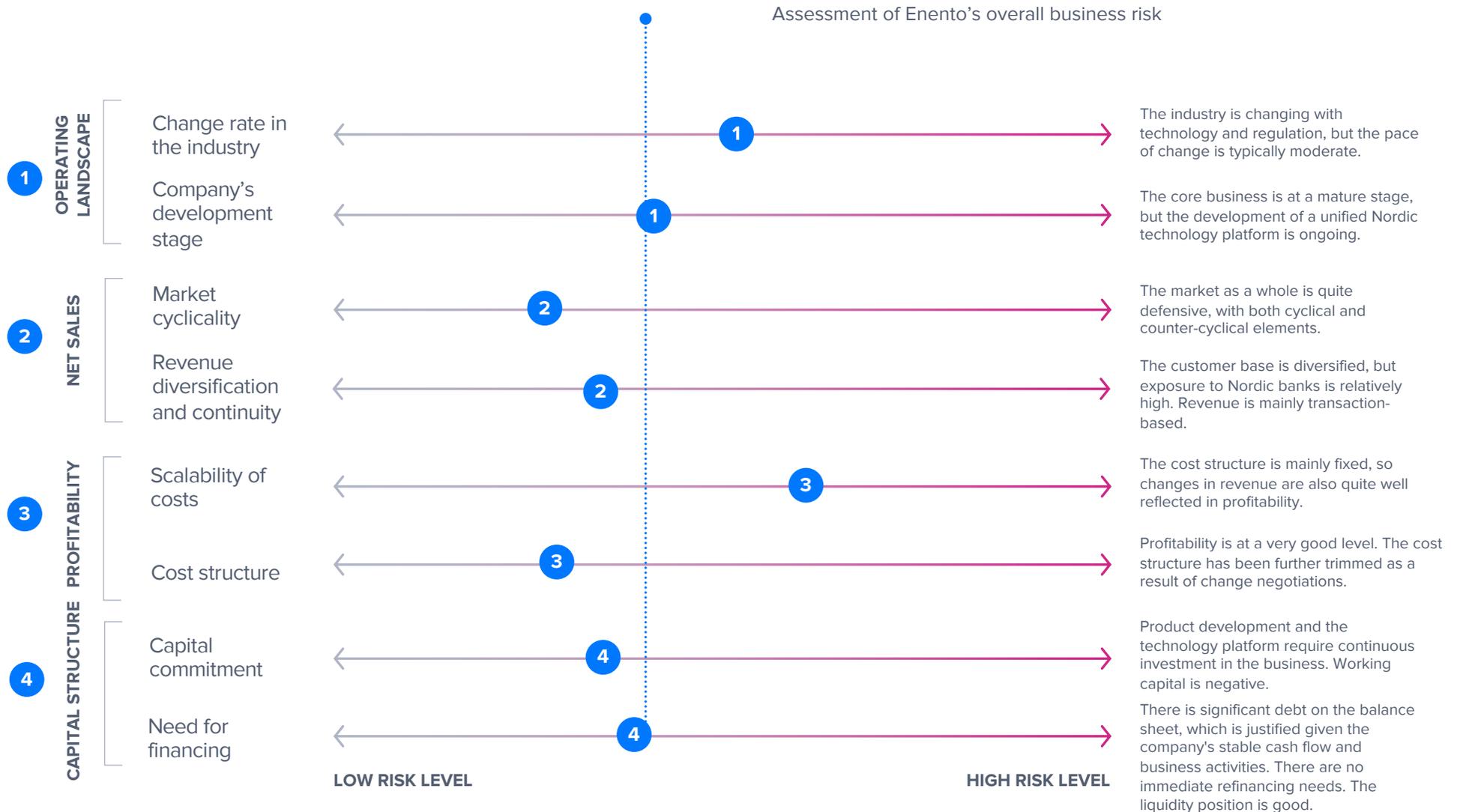
- Profitable growth supported by new services
- Building a unified Nordic technology platform would bring efficiency gains
- Scalable profitability with increasing transaction volumes
- Potential acquisitions to strengthen product range and market position
- Strong profitability and stable cash flow allow for a high dividend payout and investments in growth

Risks



- In the short term, the growth outlook is weak due to a challenging market environment
- Failure to build a unified technology platform
- Loss of customer relationships or significant pricing pressure from Nordic banks
- Failure to launch new services and declining demand for old services

Risk profile of the business model



Valuation supports sticking with the share

2024 multiples are neutral but they turn attractive in 2025

Given the stable and mature stage of Enento's business, we opt for earnings-based adjusted EV/EBIT and P/E multiples for valuation. Of these, we particularly favor the EV/EBIT multiple, as this takes into account Enento's significant net debt. The P/E ratio is also worth looking at, as it considers the bottom lines of the income statement, especially now that financial costs have risen significantly.

We forecast Enento's adjusted P/E ratios for 2024-2025 to be 18x-13x and the corresponding adjusted EV/EBIT multiples to be 13x-11.6x. The P/E ratio for the current year is elevated and we see a slight downside in it. However, with a moderate fall in financing costs (annual interest rate adjustment occurred at the rate peak in fall 2023) and as the operating result improves the valuation will fall to attractive levels in 2025. Our forecast for the current year is also quite cautious, and in a positive scenario, there may be room for improvement.

Enento's median adjusted P/E ratio over the past five years is 22x and EV/EBIT is 19x, compared to which the current valuation is at a clear discount. However, we do not see the stock reaching historical valuation levels, especially in the current interest rate environment and market situation. In addition to the change in the interest rate environment, we estimate that earnings growth expectations have moderated over the past few years due to a slower-than-expected organic growth outlook. The image of a defensive business model has also been put to a bit of a test in the recent turbulence. However, we find the current valuation multiples attractive and we see a slight upside in next year's multiples.

DCF model indicates upside potential

We also rely on the DCF calculation, which in the big picture is still very useful due to Enento's highly predictable cash flows. Our DCF model give the stock a value of EUR 22.6, which indicates upside potential for the stock. The cost of equity in our model is set at 9.0% and WACC at 8.1%, which we believe is a reasonable level in the current interest rate environment.

The expected return exceeds the required return

In our view, the expected return on Enento's stock is based on organic earnings growth, a strong dividend yield and a slight increase in multiples. With our estimates the company's adjusted EBIT in the next few years (2024e-2027e) grows by some 8% p.a. In our forecasts, the dividend yield for the coming years is around 6%, which will provide clear support for the share's expected return. Thanks to a stable and profitable business, Enento's dividend is also on a very solid footing.

Although we see a slight downside potential in the 2024 multiples, we estimate that Enento's share offers an expected return of over 10% for the next few years which exceeds the required return we have determined for the share. In addition, we see an option for potential M&As and consider the risk/reward ratio interesting.

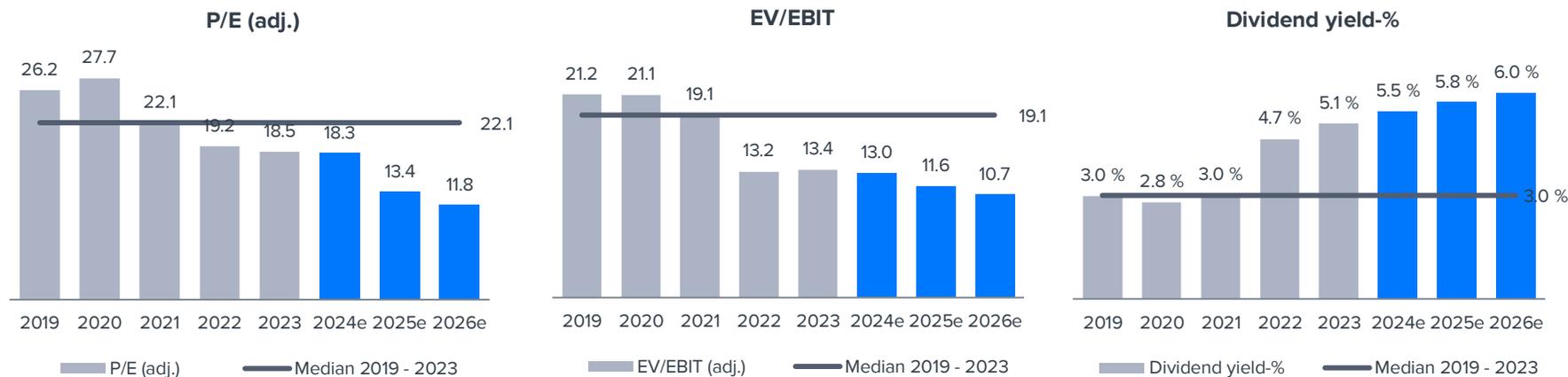
Valuation	2024e	2025e	2026e
Share price	18.3	18.3	18.3
Number of shares, millions	23.6	23.6	23.6
Market cap	432	432	432
EV	585	577	567
P/E (adj.)	18.3	13.4	11.8
P/E	26.7	17.6	15.0
P/B	1.6	1.6	1.5
P/S	2.8	2.6	2.5
EV/Sales	3.8	3.5	3.3
EV/EBITDA	10.9	9.7	8.9
EV/EBIT (adj.)	13.0	11.6	10.7
Payout ratio (%)	146.3 %	101.5 %	90.1 %
Dividend yield-%	5.5 %	5.8 %	6.0 %

Source: Inderes

Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	31.5	33.6	33.0	21.4	19.5	18.3	18.3	18.3	18.3
Number of shares, millions	24.0	24.0	24.0	24.0	23.8	23.6	23.6	23.6	23.6
Market cap	756	807	793	514	464	432	432	432	432
EV	904	950	935	646	615	585	577	567	557
P/E (adj.)	26.2	27.7	22.1	19.2	18.5	18.3	13.4	11.8	11.1
P/E	38.3	41.5	30.7	29.6	26.4	26.7	17.6	15.0	13.5
P/B	2.4	2.6	2.5	1.7	1.6	1.6	1.6	1.5	1.5
P/S	5.2	5.3	4.9	3.1	3.0	2.8	2.6	2.5	2.4
EV/Sales	6.2	6.3	5.7	3.9	3.9	3.8	3.5	3.3	3.1
EV/EBITDA	18.7	19.3	16.1	11.6	12.1	10.9	9.7	8.9	8.3
EV/EBIT (adj.)	21.2	21.1	19.1	13.2	13.4	13.0	11.6	10.7	9.9
Payout ratio (%)	115.6 %	117.3 %	92.9 %	138.5 %	135.5 %	146.3 %	101.5 %	90.1 %	85.1 %
Dividend yield-%	3.0 %	2.8 %	3.0 %	4.7 %	5.1 %	5.5 %	5.8 %	6.0 %	6.3 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Dun & Bradstreet	4513	7673	10.6	9.9	9.2	8.6	3.6	3.4	11.2	10.4	1.8	1.9	1.4
Fair Isaac Corp	30501	32171	48.6	40.6	45.6	38.5	22.9	20.4	66.0	56.3			
Equifax Inc	28484	33717	31.7	25.8	21.5	18.5	6.9	6.3	37.5	31.8	0.6	0.7	6.8
Experian Plc	36140	40104	25.4	22.9	18.7	17.6	6.5	6.1	31.7	29.3	1.4	1.4	8.9
TransUnion	12429	17013	98.9	26.8	13.8	12.9	4.8	4.6	21.2	19.0	0.6	0.7	3.2
Moody's Corp	68741	73119	33.1	28.8	29.9	26.1	13.3	12.1	40.3	36.3	0.8	0.8	21.1
Intrum AB	373	5567	11.7	10.6	6.7	6.8	3.1	3.1	2.5	2.9			0.2
Credit Corp Group Ltd	753	959	11.3	13.0	10.4	11.5	3.4	3.3	13.6	17.1	3.7	2.9	1.6
Kruk S.A.	1952	3056	10.3	8.9	9.9	8.5	5.2	4.5	9.3	8.0	3.8	3.9	2.2
Alma Media	814	948	13.1	13.4	10.5	10.8	3.1	3.1	15.2	15.8	4.7	4.9	3.4
F-Secure	340	518	12.3	10.1	13.8	9.4	4.0	3.5	10.3	10.6	3.6	4.1	7.3
Enento Group (Inderes)	432	585	13.0	11.6	10.9	9.7	3.8	3.5	18.3	13.4	5.5	5.8	1.6
Average			27.9	19.2	17.3	15.4	7.0	6.4	23.5	21.6	2.3	2.4	5.6
Median			13.1	13.4	13.8	11.5	4.8	4.5	15.2	17.1	1.8	1.9	3.3
Diff-% to median			-1%	-13%	-21%	-16%	-22%	-22%	20%	-22%	204%	204%	-52%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	168	40.0	39.7	37.3	38.9	156	37.2	39.1	38.6	40.8	156	164	171	179
Business Insight	92.1	22.4	22.8	20.9	22.6	88.6	21.4	22.6	21.5	23.5	89.0	93.4	97.6	102
Consumer Insight	75.4	17.6	16.8	16.5	16.3	67.3	15.8	16.5	17.1	17.3	66.8	70.7	73.6	76.6
Adjusted EBITDA	61.2	14.7	14.5	14.5	13.4	57.1	12.4	14.0	15.6	15.0	57.0	60.8	64.4	68.2
EBITDA	55.6	12.1	13.7	14.0	11.1	51.1	11.6	13.2	14.8	14.2	53.8	59.8	63.4	67.2
Depreciation	-29.8	-5.2	-5.1	-5.1	-5.3	-20.6	-5.4	-5.4	-5.4	-5.4	-21.4	-20.3	-20.6	-20.4
EBIT (excl. NRI)	49.1	12.0	11.8	11.8	10.5	46.0	9.4	11.0	12.6	12.0	45.0	49.6	53.0	56.0
EBIT	25.8	6.9	8.7	8.9	5.9	30.4	6.3	7.8	9.5	8.9	32.4	39.5	42.9	46.8
Group	25.8	6.9	8.7	8.9	5.9	30.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share of profits in assoc. compan.	-0.9	-0.3	-0.2	-0.1	-0.2	-0.8	-0.3	-0.3	-0.3	-0.3	-1.0	-1.0	-1.0	-1.1
Net financial items	-2.7	-1.3	-1.4	-1.9	-2.8	-7.4	-2.8	-2.5	-2.5	-2.1	-9.9	-7.2	-5.0	-5.0
PTP	22.1	5.3	7.1	6.9	2.9	22.2	3.2	5.1	6.7	6.5	21.5	31.2	36.8	40.7
Taxes	-4.8	-1.1	-1.5	-1.5	-0.7	-4.7	-0.9	-1.3	-1.7	-1.5	-5.4	-6.8	-7.9	-8.8
Net earnings	17.4	4.3	5.6	5.4	2.2	17.6	2.3	3.8	5.1	5.0	16.2	24.5	28.9	31.9
EPS (adj.)	1.11	0.26	0.31	0.31	0.17	1.05	0.18	0.24	0.29	0.29	1.00	1.36	1.55	1.65
EPS (rep.)	0.72	0.18	0.24	0.23	0.09	0.74	0.10	0.16	0.21	0.21	0.68	1.03	1.22	1.35
Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	2.5 %	-1.7 %	-8.7 %	-7.8 %	-9.3 %	-6.9 %	-6.9 %	-1.4 %	3.4 %	4.8 %	-0.1 %	5.3 %	4.4 %	4.3 %
Adjusted EBIT growth-%	0.2 %	26.6 %	-7.8 %	-13.4 %	-20.9 %	-6.3 %	-21.2 %	-7.2 %	7.2 %	14.5 %	-2.2 %	10.1 %	6.9 %	5.7 %
EBITDA-%	33.2 %	30.4 %	34.7 %	37.6 %	28.6 %	32.7 %	31.3 %	33.7 %	38.4 %	34.8 %	34.6 %	36.4 %	37.0 %	37.6 %
Adjusted EBITDA-%	36.6 %	36.8 %	36.5 %	38.9 %	34.4 %	36.6 %	33.4 %	35.7 %	40.4 %	36.8 %	36.6 %	37.1 %	37.6 %	38.2 %
Adjusted EBIT-%	29.3 %	29.9 %	29.8 %	31.5 %	27.0 %	29.5 %	25.4 %	28.0 %	32.7 %	29.5 %	28.9 %	30.2 %	30.9 %	31.3 %
Net earnings-%	10.4 %	10.7 %	14.2 %	14.5 %	5.7 %	11.3 %	6.3 %	9.7 %	13.1 %	12.2 %	10.4 %	14.9 %	16.9 %	17.9 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	449	443	434	427	422
Goodwill	341	341	341	341	341
Intangible assets	98.0	88.7	79.3	74.1	69.3
Tangible assets	6.1	10.5	10.5	9.3	8.5
Associated companies	3.9	3.2	3.2	3.2	3.2
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.1	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	50.3	47.0	46.7	50.0	51.5
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	29.5	29.7	28.0	28.7	29.3
Cash and equivalents	20.8	17.4	18.7	21.3	22.3
Balance sheet total	499	490	480	477	473

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	295	283	275	276	280
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	38.3	55.8	48.2	49.0	53.1
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	256	227	227	227	227
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	169	170	168	165	158
Deferred tax liabilities	18.0	15.6	15.6	15.6	15.6
Provisions	0.1	0.4	0.0	0.0	0.0
Interest bearing debt	151	154	152	149	142
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	34.9	37.0	37.4	36.7	35.7
Interest bearing debt	1.4	2.6	4.7	3.0	1.4
Payables	33.5	34.4	32.7	33.6	34.2
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	499	490	480	477	473

DCF calculation

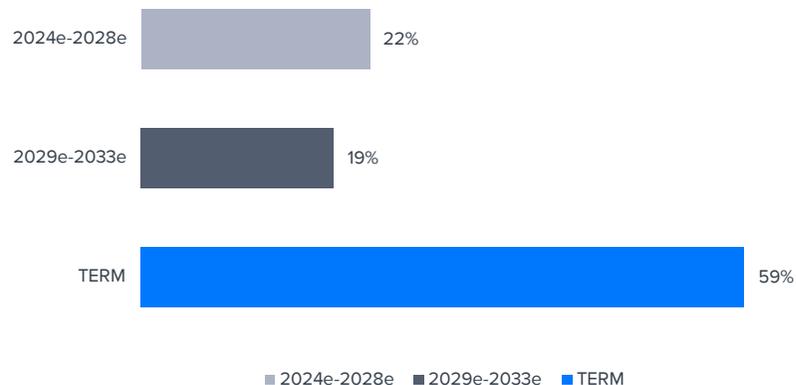
DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-6.9 %	-0.1 %	5.3 %	4.4 %	4.3 %	4.1 %	4.1 %	3.7 %	3.7 %	3.5 %	2.2 %	2.2 %
EBIT-%	19.5 %	20.8 %	24.0 %	25.0 %	26.2 %	27.4 %	28.1 %	28.3 %	29.1 %	29.0 %	29.0 %	29.0 %
EBIT (operating profit)	30.4	32.4	39.5	42.9	46.8	50.9	54.4	56.8	60.6	62.5	63.8	
+ Depreciation	20.6	21.4	20.3	20.6	20.4	19.7	18.5	18.3	16.8	16.8	16.8	
- Paid taxes	-7.1	-5.4	-6.8	-7.9	-8.8	-9.9	-10.6	-11.1	-11.9	-12.3	-12.8	
- Tax, financial expenses	-1.5	-2.4	-1.5	-1.1	-1.1	-0.8	-0.8	-0.8	-0.8	-0.8	-0.6	
+ 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	0.7	-0.1	0.2	0.0	0.2	0.4	0.2	0.2	0.2	0.2	0.1	
Operating cash flow	43.2	46.0	51.8	54.5	57.6	60.4	61.7	63.3	64.9	66.3	67.3	
+ Change in other long-term liabilities	0.3	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-15.9	-11.9	-14.0	-15.0	-16.0	-16.5	-16.8	-17.0	-17.0	-17.0	-17.0	
Free operating cash flow	27.5	33.8	37.8	39.5	41.6	43.9	44.9	46.3	47.9	49.3	50.3	
+/- Other	-5.0	-2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	22.5	31.0	37.8	39.5	41.6	43.9	44.9	46.3	47.9	49.3	50.3	875
Discounted FCFF		28.9	32.6	31.5	30.7	30.0	28.4	27.1	25.9	24.7	23.3	406
Sum of FCFF present value		689	660	628	596	565	535	507	480	454	429	406
Enterprise value DCF		689										
- Interest bearing debt		-157.0										
+ Cash and cash equivalents		17.4										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		535										
Equity value DCF per share		22.6										

WACC

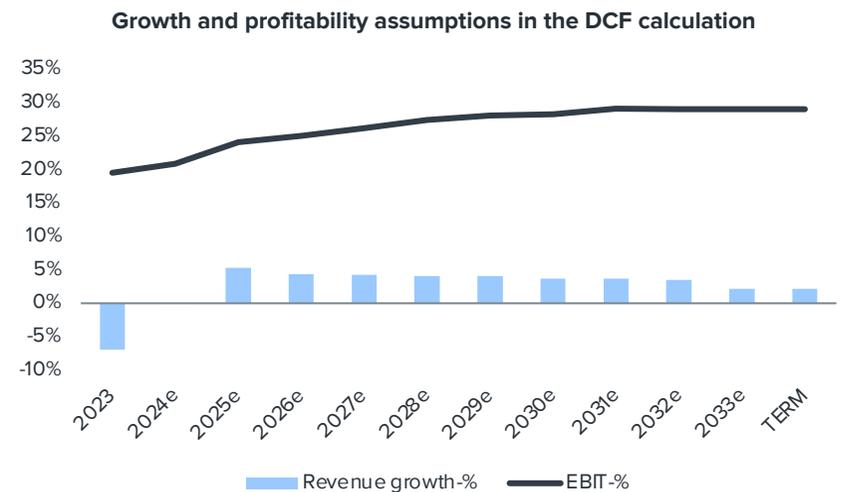
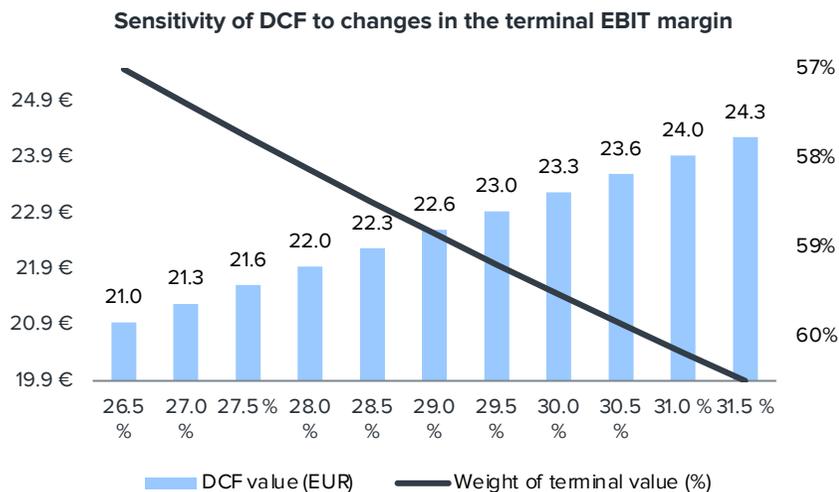
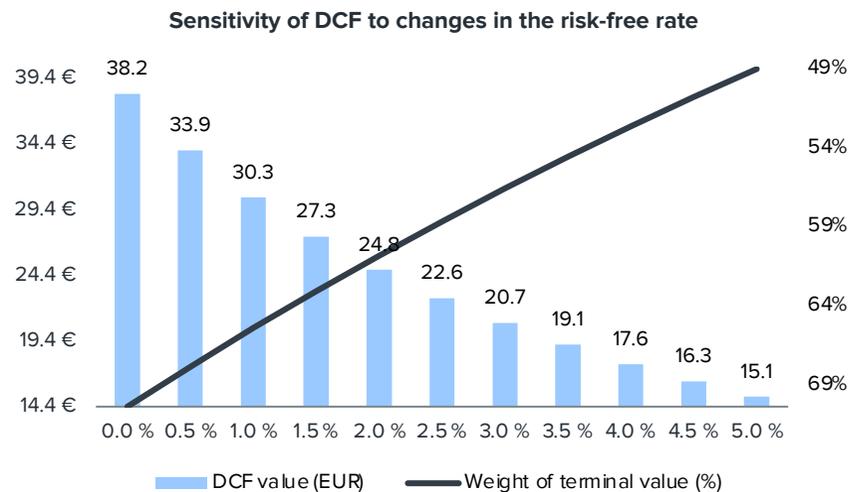
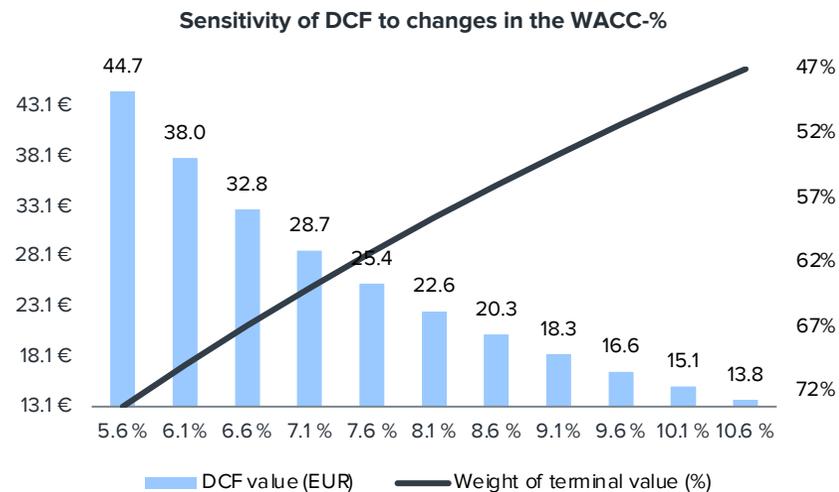
Tax-% (WACC)	21.0 %
Target debt ratio (D/(D+E))	18.0 %
Cost of debt	5.0 %
Equity Beta	1.05
Market risk premium	4.75%
Liquidity premium	1.50%
Risk free interest rate	2.5 %
Cost of equity	9.0 %
Weighted average cost of capital (WACC)	8.1 %

Source: Inderes

Cash flow distribution



DCF sensitivity calculations and key assumptions in graphs



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

Summary

Income statement	2022	2023	2024e	2025e	2026e	Per share data	2022	2023	2024e	2025e	2026e
Revenue	167.5	155.9	155.8	164.1	171.2	EPS (reported)	0.72	0.74	0.68	1.03	1.22
EBITDA	55.6	51.1	53.8	59.8	63.4	EPS (adj.)	1.11	1.05	1.00	1.36	1.55
EBIT	25.8	30.4	32.4	39.5	42.9	OCF / share	1.76	1.82	1.95	2.19	2.30
PTP	22.1	22.2	21.5	31.2	36.8	FCF / share	2.18	0.95	1.31	1.60	1.67
Net Income	17.4	17.6	16.2	24.5	28.9	Book value / share	12.27	11.89	11.64	11.68	11.85
Extraordinary items	-23.4	-5.0	-3.1	-2.8	-4.6	Dividend / share	1.00	1.00	1.00	1.05	1.10
Balance sheet	2022	2023	2024e	2025e	2026e	Growth and profitability	2022	2023	2024e	2025e	2026e
Balance sheet total	499.1	490.3	480.5	477.5	473.4	Revenue growth-%	2%	-7%	0%	5%	4%
Equity capital	294.9	282.9	275.3	276.1	280.2	EBITDA growth-%	-4%	-8%	5%	11%	6%
Goodwill	340.7	340.9	340.9	340.9	340.9	EBIT (adj.) growth-%	0%	-6%	-2%	10%	7%
Net debt	131.8	139.7	138.2	130.8	121.1	EPS (adj.) growth-%	-25%	-6%	-5%	36%	14%
Cash flow	2022	2023	2024e	2025e	2026e	EBITDA-%	33.2 %	32.7 %	34.6 %	36.4 %	37.0 %
EBITDA	55.6	51.1	53.8	59.8	63.4	EBIT (adj.)-%	29.3 %	29.5 %	28.9 %	30.2 %	30.9 %
Change in working capital	-3.2	0.7	-0.1	0.2	0.0	EBIT-%	15.4 %	19.5 %	20.8 %	24.0 %	25.0 %
Operating cash flow	42.4	43.2	46.0	51.8	54.5	ROE-%	5.7 %	6.1 %	5.8 %	8.9 %	10.4 %
CAPEX	13.6	-15.9	-11.9	-14.0	-15.0	ROI-%	5.3 %	6.7 %	7.2 %	8.9 %	9.8 %
Free cash flow	52.3	22.5	36.0	37.8	39.5	Equity ratio	60.3 %	57.7 %	57.3 %	57.8 %	59.2 %
						Gearing	44.7 %	49.4 %	50.2 %	47.4 %	43.2 %
Valuation multiples	2022	2023	2024e	2025e	2026e						
EV/S	3.9	3.9	3.8	3.5	3.3						
EV/EBITDA (adj.)	11.6	12.1	10.9	9.7	8.9						
EV/EBIT (adj.)	13.2	13.4	13.0	11.6	10.7						
P/E (adj.)	19.2	18.5	18.3	13.4	11.8						
P/B	1.7	1.6	1.6	1.6	1.5						
Dividend-%	4.7 %	5.1 %	5.5 %	5.8 %	6.0 %						

Source: Inderes

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Date	Recommendation	Target	Share price
9/1/2023	Accumulate	24.50 €	23.15 €
10/11/2023	Accumulate	21.00 €	18.22 €
10/30/2023	Buy	21.00 €	16.50 €
2/6/2024	Accumulate	21.00 €	19.34 €
2/12/2024	Accumulate	20.00 €	18.26 €



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