Enento Group

Company report

10/30/2023

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Inderes corporate customer

This report is a summary translation of the report “Arvostus painunut jo hyvin houkuttelevalle tasolle” published on 10/30/2023 at 7:50 am EET.

Valuation has already reached a very attractive level

Enento's Q3 key figures beat our conservative estimates that we had set after the recent profit warning. In terms of outlook, the report did not offer anything significantly new. The operating environment is expected to remain challenging well into the next year, but the company has managed to defend its strong profitability despite the challenges, supported by its efficiency program. In our view, the valuation has already fallen to a very attractive level (2024e adj. EV/EBIT 11x and P/E 12x), which leads us to reiterate the target price of EUR 21.0 and raise our recommendation to Buy (was Accumulate).

Profitability defended despite lower net sales

Enento's Q3 net sales decreased by 8% to EUR 37.3 million, exceeding our forecast of EUR 35.9 million that we had revised after the recent profit warning. At comparable exchange rates and adjusted for the Tambur platform, net sales decreased by 1%. As expected, the decline in net sales was particularly pronounced in Consumer Insight (comparable net sales -7%), where consumer sentiment and related loan volume development have been weak. In contrast, Business Insight has continued to perform well (comparable net sales +5%), driven by strong demand for risk management and compliance services. Geographically, the challenges have been concentrated in Sweden, where net sales fell by as much as 18% in euros. The weak market situation has caused a few consumer credit providers that were Enento's customers to exit the Swedish market. However, the company has not lost customers to competitors. Enento's adjusted Q3 operating profit was EUR 11.8 million (Q3'22: 13.6 MEUR), corresponding to an EBIT margin of 31.5% (Q3'22: 33.6%). Profitability deteriorated year-on-year due to lower net sales and a weaker product mix, but overall the company has done well to protect its profitability despite declining volumes. The company has so far achieved savings of EUR 5.3 million from its efficiency program that aims for savings of EUR 8 million by the end of 2024.

The operating environment is not easing any time soon

As expected, Enento reiterated the guidance it gave in its profit warning just over two weeks ago. We expect reported net sales for the current year to decline by 6% to EUR 157 million and the company to achieve an adjusted EBITDA margin of 36.6%. In terms of the market outlook, the company had nothing significantly new to report after the profit warning. The company had not seen any negative impact on its demand from the lowering of the interest rate cap in Finland, which mitigates some uncertainty for next year. However, the operating environment remains generally challenging and the company does not expect a significant easing towards the end of the year or early next year. However, we expect net sales to return to growth next year (+4%). This is supported by weak comparison periods in Consumer Insight and strong traction in Business Insight, which also has product areas with strong growth in the current challenging environment (e.g. compliance services). At the same time, the company returns to earnings growth in our forecasts (2024e adj. EBIT 49.0 MEUR, 30.0% of net sales).

Risk/return ratio is very attractive

Enento's EV/EBIT multiples for 2023-2024 are 12x-11x and the corresponding P/E multiples are 14x-12x. While we do not see any justification to price the stock at its historical multiples (2019-2022 median adj. EV/EBIT 19x and P/E 26x) we see some upside in the multiples. The expected return on the stock over the next few years is based on our forecast of earnings growth of around 7%, a dividend yield of 6-7% and a moderate increase in multiples. We also see the stock as an option for potential M&A and consider the risk/reward ratio very attractive at the current valuation. In the coming quarters, earnings growth will still move in the wrong direction, but we see the current weakness as a good buying opportunity for the leading Nordic credit data company.

Recommendation

Buy

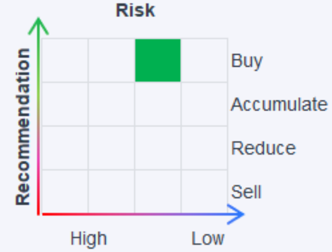
(previous Accumulate)

EUR 21.00

(previous EUR 21.00)

Share price:

16.50



Key figures

	2022	2023e	2024e	2025e
Revenue	167.5	156.9	163.5	171.9
growth-%	2%	-6%	4%	5%
EBIT adj.	49.1	46.5	49.0	53.9
EBIT-% adj.	29.3 %	29.7 %	30.0 %	31.4 %
Net Income	17.4	20.5	25.8	29.8
EPS (adj.)	1.11	1.17	1.41	1.56

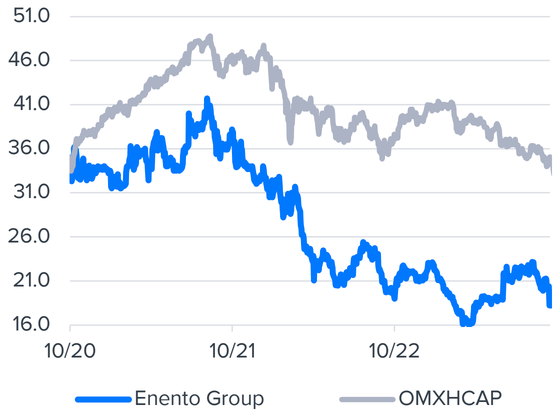
P/E (adj.)	19.2	14.0	11.7	10.6
P/B	1.7	1.3	1.3	1.3
Dividend yield-%	4.7 %	6.1 %	6.4 %	6.7 %
EV/EBIT (adj.)	13.2	11.5	10.7	9.6
EV/EBITDA	11.6	10.0	8.7	8.0
EV/S	3.9	3.4	3.2	3.0

Source: Inderes

Guidance (Unchanged)

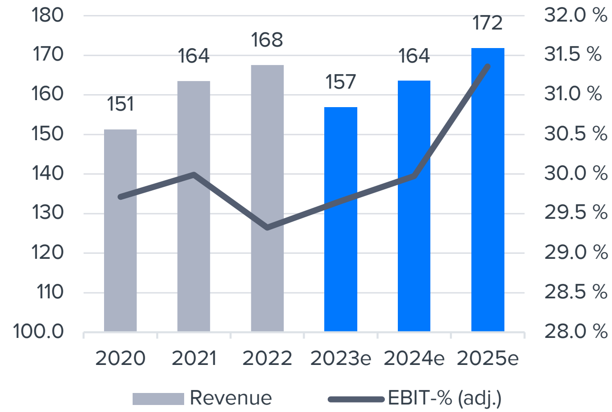
Enento Group estimates its full-year 2023 net sales to decline 0-1.5% (previous growth of 0-5%), excluding the impact from the discontinued Tambur service, at comparable exchange rates to 2022. Enento Group expects its adjusted EBITDA margin to be in the range of 36-37%.

Share price



Source: Millistream 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	2023e	2024e	2025e
Share price	16.5	16.5	16.5
Number of shares, millions	23.8	23.8	23.8
Market cap	393	393	393
EV	536	526	515
P/E (adj.)	14.0	11.7	10.6
P/E	19.2	15.2	13.2
P/FCF	15.4	9.9	9.6
P/B	1.3	1.3	1.3
P/S	2.5	2.4	2.3
EV/Sales	3.4	3.2	3.0
EV/EBITDA	10.0	8.7	8.0
EV/EBIT (adj.)	11.5	10.7	9.6
Payout ratio (%)	116.3 %	97.0 %	87.7 %
Dividend yield-%	6.1 %	6.4 %	6.7 %

Source: Inderes

Profitability successfully defended in a challenging market

Net sales declined slightly less than we expected

Enento's Q3 revenue decreased by 8% to EUR 37.3 million, beating our forecast of EUR 35.9 million, which we cut after the profit warning. At comparable exchange rates and adjusted for the discontinuation of the Tambur platform (~1.5% negative impact on group net sales at comparable currencies), net sales decreased by 1%. With the company's earnings warning a couple of weeks ago, it was clear that we were in for a challenging quarter with a significant deterioration in the operating environment. However, we expected a slightly stronger decline in Q3, and the impact of FX and the discontinuation of the Tambur platform on net sales was slightly lower than our expectations.

The Consumer Insight business area's net sales decreased strongly by 13% to EUR 16.5 million. In comparable currencies, the business area grew by 7%. The sharp decline was mainly explained by weaker demand for consumer credit information services in Sweden, driven in particular by weak consumer sentiment and related weak loan volume developments.

In contrast, Business Insight continued its more stable performance. Here, demand for risk management and compliance services in particular has remained at a good level. The business area's reported net sales decreased by 3% to EUR 20.9 million but adjusted for the Tambur platform and in comparable currencies, net sales increased by a comfortable 5%.

Defending profitability successfully

Enento's adjusted Q3 EBIT was EUR 11.8 million (Q3'22: 13.6 MEUR), slightly above our estimate of EUR 11.1 million. For relative profitability, this meant an adjusted EBIT margin of 31.5% (Q3'22: 33.6%). The company thus managed to protect its profitability despite a sizable decline in net sales. This is particularly convincing when the company's gross margins are high, as typically a fall in net sales is also strongly reflected in profitability. A key factor in this has been the change negotiations and other cost-efficiency measures taken by the company in the early part of the year.

The company commented that its EUR 8 million efficiency program had achieved annual efficiency gains of EUR 5.3 million by the end of Q3. At the same time, however, cost inflation has limited the improvement in profitability. In general, however, we believe that the company has been very successful with its efficiency measures.

Cash flow burdened by timing factors

Enento's cash flow from operating activities in Q3 was EUR 4.6 million, which was a rather weak level compared to the earnings level. This was mainly explained by changes in working capital (-3.6 MEUR) that were due to timing factors and which we expect to correct in Q4. Free cash flow after investments was EUR 3.9 million. The ratio of net debt to adjusted EBITDA was 2.4x at the end of the quarter, well within the company's target range (below 3x). Thus, we believe that there are good buffers on the balance sheet for possible acquisitions. In general, we believe that the use of debt leverage is justified for Enento due to its stable cash flow generation capacity and largely defensive business model.

Estimates	Q3'22	Q3'23	Q3'23e	Q3'23e	Consensus		Difference (%)	2023e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	40.5	37.3	35.9	36.7	- -	-	4%	157
EBITDA (adj.)	16.2	14.5	14.7	13.9	- -	-		57.9
EBIT (adj.)	13.6	11.8	11.1	11.2	- -	-	7%	46.5
EBIT	10.5	8.9	8.5	9.3	- -	-	5%	32.9
EPS (reported)	0.23	0.23	0.23	0.24	- -	-	2%	0.86
Revenue growth-%	4.9 %	-7.9 %	-11.3 %	-9.4 %	-		3.4 pp	-6.3 %
EBIT-% (adj.)	33.5 %	31.6 %	30.8 %	30.5 %	-		0.9 pp	29.7 %

Source: Inderes & Enento (consensus)

Watch the Q3 interview with the CEO:

Challenges are external

Guidance was known with the profit warning

As expected, Enento reiterated the guidance it gave in its profit warning just over two weeks ago. The company expects net sales to fall by 0-1.5% this year, excluding the impact of the discontinuation of the Tambur platform, at comparable exchange rates. The adjusted EBITDA margin is expected to be 36-37%.

Operating environment is not easing any time soon

In terms of outlook, the company had nothing significant new to offer. The operating environment is particularly challenging in Sweden, where consumer sentiment and loan volume growth are weak, which affects Enento's consumer credit information services. According to the company, some consumer credit companies that had been its customers have even left the market. However, no customers have been lost to competitors, which is of course a relief.

Moreover, there does not seem to be any sign of a significant easing in the operating environment in the short term. The company comments that a stabilization or possible fall in interest rates could lead to an improvement in consumer sentiment, over which the company obviously has little influence. As such, we expect the market to remain weak early next year and gradually ease as the year progresses. In general, we believe it is clear that the current challenges are caused by the external environment and not by the company itself.

The tightening of the interest rate cap in Finland has been a source of uncertainty for the rest of the year and next year. However, the company has not seen any negative impact on its demand at this stage, which is positive.

With the report, our net sales and profit forecasts for the coming years increased marginally (+1%), but in the big picture our estimates are unchanged.

Estimates for 2023-2024

We expect Enento's net sales to decline by 6% this year to EUR 157 million. According to current guidance, net sales will remain on a downward trend also in Q4 in comparable terms, as comparable growth for the first three quarters is still in the black (+0.1%). In terms of the company's profitability, the visibility on the current year's profit level is quite good due to the narrow guidance range. We expect Enento's adjusted EBITDA this year to total EUR 57.4 million, which would correspond to an adjusted EBITDA margin of 36.6%, around the mid-point of the guidance range. We expect adjusted EBIT to be EUR 46.4 million, which translates to an EBIT margin of 29.6%.

We expect Enento to return to growth in 2024, driven in particular by weak comparison figures and what we expect to be an easing of the operating environment towards the end of the year. It is good to note that even in today's challenging market environment, Enento has growing product areas (e.g. compliance services) that support growth. The company's larger Business Insight business area has continued to develop strongly. We expect the company's net sales to grow by 4% to EUR 163.5 million next year. In absolute terms, this is still below the 2022 level (167.5 MEUR), although with the discontinuation of the Tambur platform, the figure is not fully comparable. We expect adjusted EBIT to increase to EUR 49 million (29.8% of net sales).

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	155	157	1%	163	164	1%	171	172	1%
EBITDA	52.8	53.4	1%	59.8	60.2	1%	64.2	64.3	0%
EBIT (exc. NRIs)	45.6	46.5	2%	48.2	49.0	2%	53.0	53.9	2%
EBIT	32.3	32.9	2%	38.2	38.8	2%	43.5	44.4	2%
PTP	25.6	25.8	1%	31.7	32.5	2%	37.5	38.0	1%
EPS (excl. NRIs)	1.17	1.17	0%	1.38	1.41	2%	1.54	1.56	1%
DPS	1.00	1.00	0%	1.05	1.05	0%	1.10	1.10	0%

Source: Inderes

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

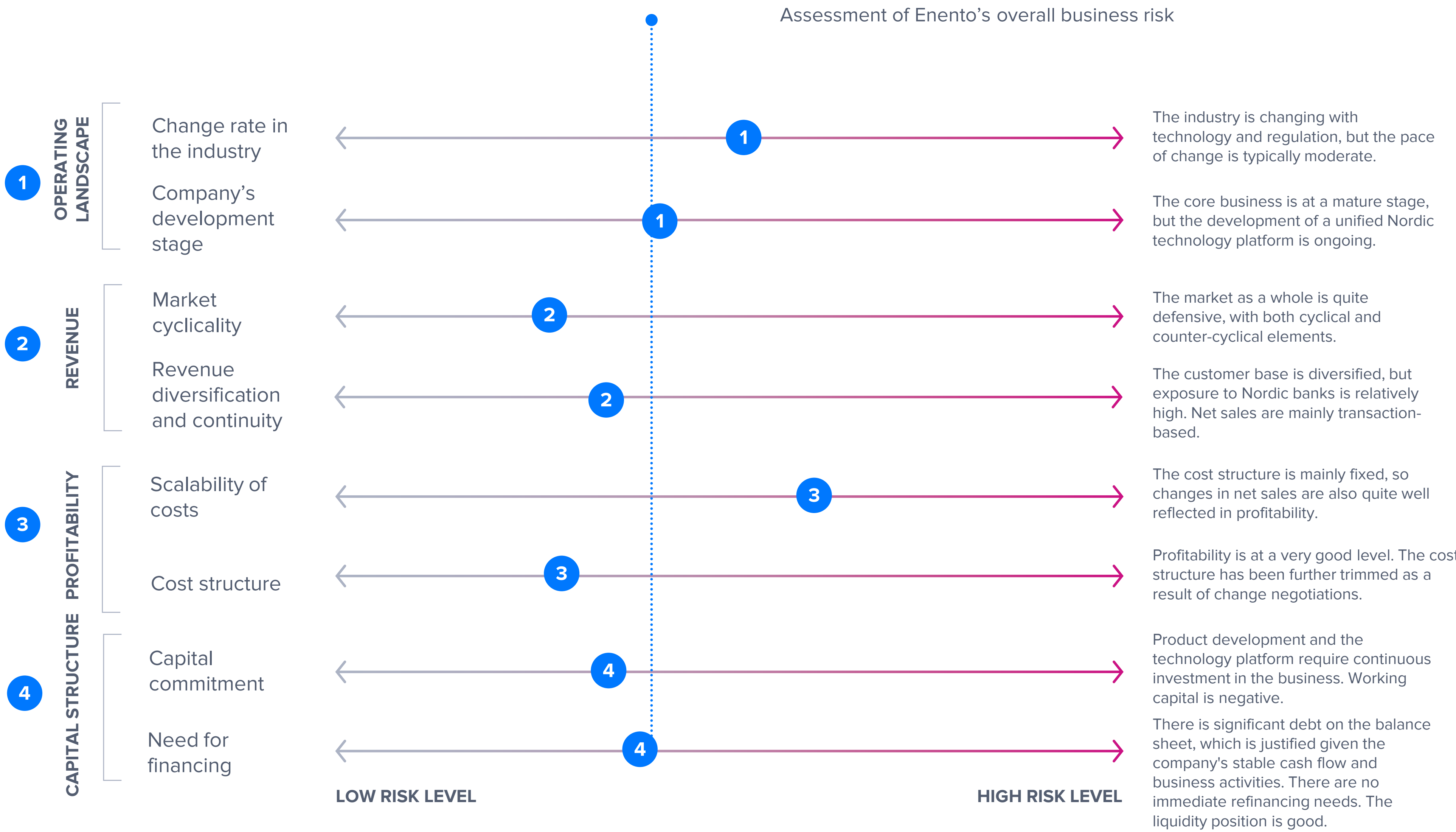
- Profitable growth supported by new services
- Building a unified Nordic technology platform would bring efficiency gains
- Scalable profitability with increasing transaction volumes
- Potential acquisitions to strengthen product range and market position
- Strong profitability and stable cash flow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

Source: Inderes

Risk profile of the business model



Source: Inderes

Valuation has become very attractive

Upside in multiples

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 2023-2024 to be 14x-12x and the corresponding adjusted EV/EBIT multiples to be 12x-11x, which we think are very moderate for the company. Enento's median adjusted P/E ratio over the past five years is 26x 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.

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 and slower-than-expected development of the Nordic technology platform. In addition, the market outlook has weakened further this fall, which has been strongly reflected in the share price. As a result, we expect earnings growth to move in the wrong direction in the coming quarters, and thus we believe it is justified to price the stock at slightly lower multiples than before.

We view the decline in the share price this fall as an overreaction and overall we see upside potential in Enento's current multiples despite the temporary weakness in the business. As the market outlook shows signs of improvement and Enento returns to earnings growth, we believe the valuation multiples accepted by the market will be at higher levels than today.

DCF model shows clear upside potential

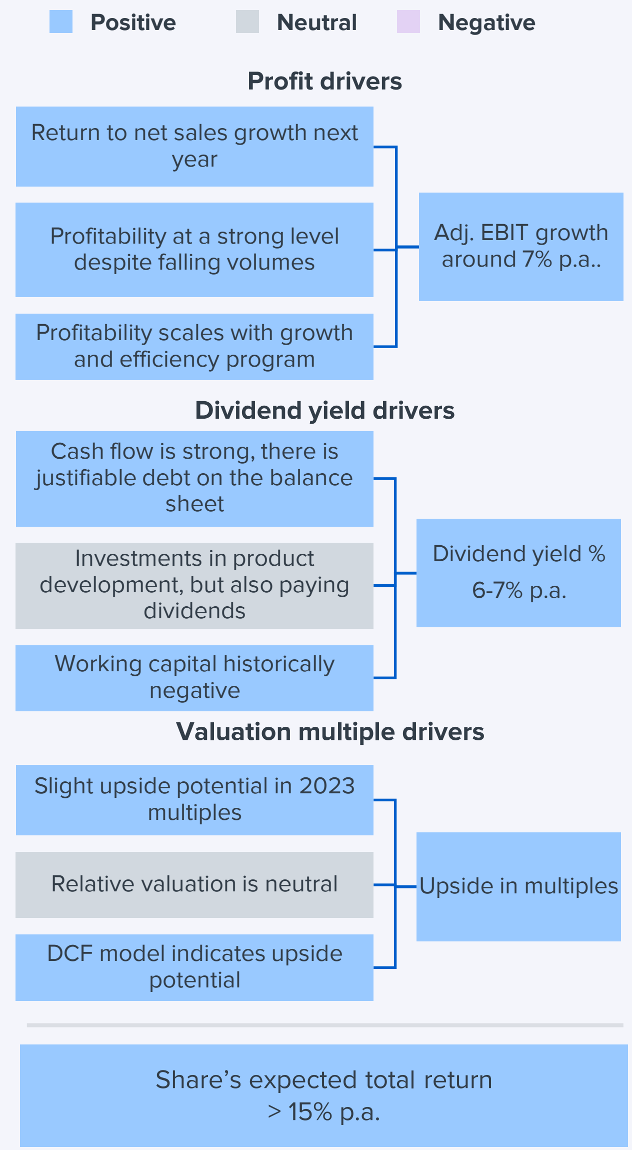
We also rely on the DCF calculation, which is very useful due to Enento's highly predictable cash flows. Our DCF model give the stock a value of EUR 24.1, which indicates clear upside potential for the stock. The cost of equity in our model is set at 9.0%, which we believe is a reasonable level in the current interest rate environment.

Expected return well above the required return - very attractive risk/return ratio

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. We forecast the company's adjusted EBIT to grow by around 7% per annum in the coming years. In our estimates, the dividend yield for the next years will be around 6-7%. Thanks to a stable and profitable business, Enento's dividend is also on a very solid footing. In addition, we see slight upside potential in the valuation multiples.

Overall, Enento's stock offers an expected return above 15% for the next few years, well above the required return we have set for the stock. In addition, we see the stock as an option for potential M&A and consider the risk/reward ratio to be very attractive. In addition to the weaker operating environment, we believe that the general gloom on Nasdaq Helsinki has also impacted the share's valuation. As such, we see the temporary weakness as a good opportunity to buy the leading credit data company in the Nordic region.

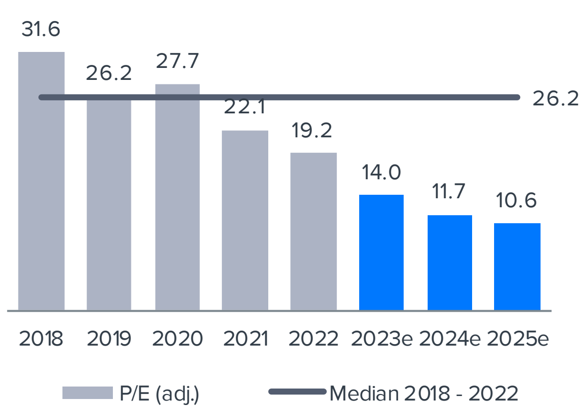
TSR drivers 2023-2026e

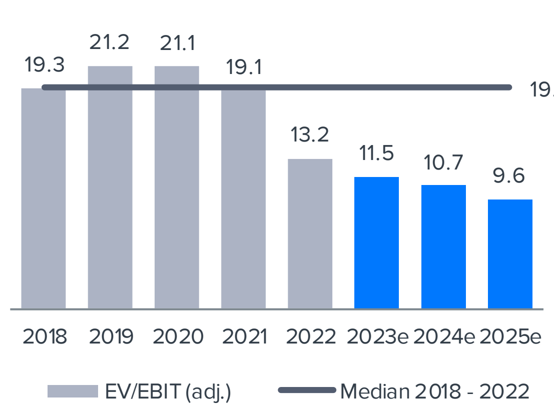


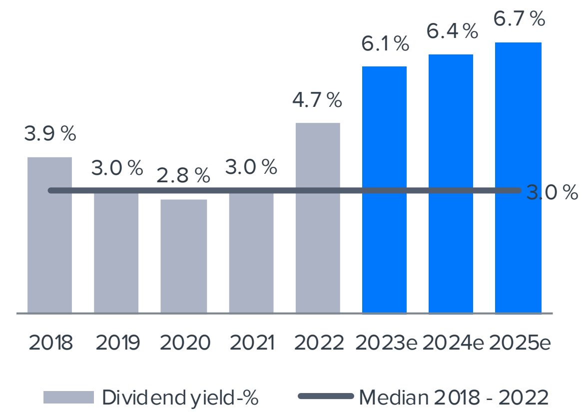
Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	24.6	31.5	33.6	33.0	21.4	**16.5**	**16.5**	**16.5**	**16.5**
Number of shares, millions	19.5	24.0	24.0	24.0	24.0	**23.8**	**23.8**	**23.8**	**23.8**
Market cap	480	756	807	793	514	**393**	**393**	**393**	**393**
EV	617	904	950	935	646	**536**	**526**	**515**	**503**
P/E (adj.)	31.6	26.2	27.7	22.1	19.2	**14.0**	**11.7**	**10.6**	**9.8**
P/E	44.0	38.3	41.5	30.7	29.6	**19.2**	**15.2**	**13.2**	**11.9**
P/FCF	neg.	35.2	36.6	25.0	9.8	**15.4**	**9.9**	**9.6**	**9.1**
P/B	1.5	2.4	2.6	2.5	1.7	**1.3**	**1.3**	**1.3**	**1.3**
P/S	4.9	5.2	5.3	4.9	3.1	**2.5**	**2.4**	**2.3**	**2.2**
EV/Sales	6.3	6.2	6.3	5.7	3.9	**3.4**	**3.2**	**3.0**	**2.8**
EV/EBITDA	23.1	18.7	19.3	16.1	11.6	**10.0**	**8.7**	**8.0**	**7.4**
EV/EBIT (adj.)	19.3	21.2	21.1	19.1	13.2	**11.5**	**10.7**	**9.6**	**8.9**
Payout ratio (%)	169.9 %	115.6 %	117.3 %	92.9 %	138.5 %	**116.3 %**	**97.0 %**	**87.7 %**	**82.7 %**
Dividend yield-%	3.9 %	3.0 %	2.8 %	3.0 %	4.7 %	**6.1 %**	**6.4 %**	**6.7 %**	**7.0 %**

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**
Dun & Bradstreet	3833	7052	9.5	9.6	8.3	7.8	3.2	3.1	9.4	8.5	2.2	2.3	1.2
Fair Isaac Corp	19563	21238	31.4	27.3	29.4	25.7	14.8	13.4	41.3	34.9			
Equifax Inc	19422	24739	24.3	19.3	15.4	13.3	5.0	4.6	25.0	20.9	0.9	1.0	4.5
Experian Plc	25392	29053	18.0	16.2	13.2	12.5	4.6	4.4	21.7	20.2	2.1	2.0	6.1
TransUnion	8113	12897	31.3	15.9	10.2	9.6	3.6	3.4	13.4	12.0	1.0	1.1	2.0
Moody's Corp	53825	58510	27.5	22.4	23.3	20.3	10.4	9.5	30.8	27.5	1.0	1.1	16.1
Intrum AB	628	5898	13.8	10.9	9.3	8.0	3.5	3.4	3.3	3.9		2.7	0.4
Credit Corp Group Ltd	486	651	7.7	8.7	7.1	7.8	2.3	2.3	8.8	11.1	5.7	4.5	1.0
Kruk S.A.	2049	2944	10.4	9.3	10.1	9.1	5.2	4.7	10.0	8.9	3.4	3.3	2.4
Alma Media	691	825	11.4	11.6	9.2	9.4	2.7	2.7	12.9	13.4	5.5	5.7	2.9
F-Secure	292	472	11.2	9.2	13.4	8.5	3.6	3.1	8.8	9.1	4.2	4.8	6.5
Enento Group (Inderes)	**393**	**536**	**11.5**	**10.7**	**10.0**	**8.7**	**3.4**	**3.2**	**14.0**	**11.7**	**6.1**	**6.4**	**1.3**
Average			**17.9**	**14.6**	**13.5**	**12.0**	**5.4**	**4.9**	**16.9**	**15.5**	**2.9**	**2.8**	**4.3**
Median			**13.8**	**11.6**	**10.2**	**9.4**	**3.6**	**3.4**	**12.9**	**12.0**	**2.2**	**2.5**	**2.7**
Diff-% to median			***-16%***	***-8%***	***-1%***	***-7%***	***-6%***	***-6%***	***9%***	***-2%***	***179%***	***155%***	***-49%***

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
Revenue	**164**	**40.7**	**43.4**	**40.5**	**42.9**	**168**	**40.0**	**39.7**	**37.3**	**39.9**	**157**	**164**	**172**	**180**
Business Insight	91.6	22.6	24.0	21.5	24.0	92.1	22.4	22.8	20.9	23.1	89.1	93.3	98.0	102
Consumer Insight	71.9	18.1	19.4	19.0	19.0	75.4	17.6	16.8	16.5	16.9	67.8	70.2	73.9	77.2
Adjusted EBITDA	**59.1**	**13.5**	**15.5**	**16.2**	**16.0**	**61.2**	**14.7**	**14.5**	**14.5**	**13.7**	**57.5**	**61.0**	**64.8**	**68.6**
EBITDA	**58.0**	**13.2**	**15.4**	**16.1**	**10.8**	**55.6**	**12.1**	**13.7**	**14.0**	**13.4**	**53.4**	**60.2**	**64.3**	**68.1**
Depreciation	-22.7	-7.1	-5.8	-5.6	-11.3	-29.8	-5.2	-5.1	-5.1	-5.1	-20.5	-21.4	-19.9	-20.6
EBIT (excl. NRI)	**49.0**	**9.5**	**12.8**	**13.6**	**13.3**	**49.1**	**12.0**	**11.8**	**11.8**	**11.0**	**46.5**	**49.0**	**53.9**	**56.5**
EBIT	**35.2**	**6.1**	**9.7**	**10.5**	**-0.5**	**25.8**	**6.9**	**8.7**	**8.9**	**8.3**	**32.9**	**38.8**	**44.4**	**47.5**
Group	35.2	6.1	9.7	10.5	-0.5	25.8	6.9	8.7	8.9	0.0	24.5	0.0	0.0	0.0
Share of profits in assoc. compan.	-0.4	-0.2	-0.2	-0.2	-0.3	-0.9	-0.3	-0.2	-0.1	-0.3	-0.8	-0.9	-0.9	-0.9
Net financial items	-2.2	-0.5	1.9	-2.8	-1.3	-2.7	-1.3	-1.4	-1.9	-1.6	-6.2	-5.5	-5.5	-4.5
PTP	**32.7**	**5.4**	**11.3**	**7.5**	**-2.2**	**22.1**	**5.3**	**7.1**	**6.9**	**6.5**	**25.8**	**32.5**	**38.0**	**42.1**
Taxes	-6.8	-1.1	-1.9	-2.1	0.3	-4.8	-1.1	-1.5	-1.5	-1.4	-5.4	-6.7	-8.2	-9.0
Net earnings	**25.9**	**4.3**	**9.5**	**5.4**	**-1.9**	**17.4**	**4.3**	**5.6**	**5.4**	**5.1**	**20.5**	**25.8**	**29.8**	**33.1**
EPS (adj.)	**1.49**	**0.28**	**0.49**	**0.32**	**0.02**	**1.11**	**0.26**	**0.31**	**0.31**	**0.29**	**1.17**	**1.41**	**1.56**	**1.68**
EPS (rep.)	**1.08**	**0.18**	**0.39**	**0.23**	**-0.08**	**0.72**	**0.18**	**0.24**	**0.23**	**0.22**	**0.86**	**1.08**	**1.25**	**1.39**

Key figures	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	8.1 %	2.6 %	3.1 %	4.9 %	-0.4 %	2.5 %	-1.7 %	-8.7 %	-7.8 %	-7.0 %	-6.3 %	4.2 %	5.1 %	4.5 %
Adjusted EBIT growth-%	9.1 %	-17.8 %	-5.1 %	13.9 %	9.5 %	0.2 %	26.6 %	-7.8 %	-13.4 %	-17.2 %	-5.3 %	5.3 %	9.9 %	4.9 %
EBITDA-%	35.5 %	32.5 %	35.5 %	39.8 %	25.2 %	33.2 %	30.4 %	34.7 %	37.6 %	33.7 %	34.0 %	36.8 %	37.4 %	37.9 %
Adjusted EBITDA-%	36.2 %	33.3 %	35.7 %	40.1 %	37.1 %	36.6 %	36.9 %	36.5 %	38.9 %	34.4 %	36.7 %	37.3 %	37.7 %	38.2 %
Adjusted EBIT-%	30.0 %	23.3 %	29.5 %	33.5 %	30.9 %	29.3 %	29.9 %	29.8 %	31.5 %	27.5 %	29.7 %	30.0 %	31.4 %	31.5 %
Net earnings-%	15.8 %	10.6 %	21.8 %	13.4 %	-4.3 %	10.4 %	10.7 %	14.2 %	14.5 %	12.8 %	13.0 %	15.7 %	17.4 %	18.4 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	**492**	**449**	**441**	**433**	**428**
Goodwill	355	341	341	341	341
Intangible assets	125	98.0	90.5	83.1	78.0
Tangible assets	8.9	6.1	6.1	6.1	6.3
Associated companies	3.4	3.9	3.2	3.2	3.2
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.1	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	**52.2**	**50.3**	**46.3**	**49.6**	**53.6**
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	26.9	29.5	28.2	28.6	29.6
Cash and equivalents	25.3	20.8	18.0	20.9	24.1
Balance sheet total	**544**	**499**	**487**	**483**	**482**

Source: Inderes

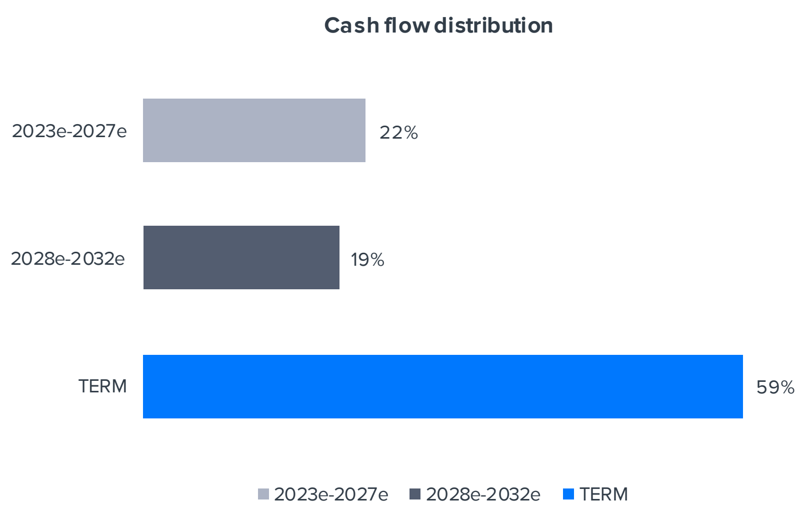
Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	**316**	**295**	**291**	**293**	**298**
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	18.1	38.3	34.8	36.7	41.6
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	298	256	256	256	256
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**191**	**169**	**159**	**153**	**147**
Deferred tax liabilities	22.7	18.0	16.0	16.0	16.0
Provisions	0.0	0.1	0.0	0.0	0.0
Interest bearing debt	165	151	143	137	131
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	3.7	0.0	0.0	0.0	0.0
Current liabilities	**36.4**	**34.9**	**37.0**	**36.8**	**37.0**
Interest bearing debt	2.3	1.4	5.9	4.2	2.7
Payables	34.1	33.5	31.1	32.5	34.4
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**544**	**499**	**487**	**483**	**482**

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	2.5 %	-6.3 %	4.2 %	5.1 %	4.5 %	4.3 %	4.2 %	4.1 %	3.9 %	3.7 %	2.2 %	2.2 %
EBIT-%	15.4 %	21.0 %	23.7 %	25.8 %	26.5 %	27.9 %	28.7 %	29.0 %	29.0 %	29.0 %	29.0 %	29.0 %
EBIT (operating profit)	**25.8**	**32.9**	**38.8**	**44.4**	**47.5**	**52.3**	**56.0**	**58.9**	**61.2**	**63.5**	**64.9**	
+ Depreciation	29.8	20.5	21.4	19.9	20.6	20.6	19.9	18.7	18.4	17.0	16.9	
- Paid taxes	-9.5	-7.4	-6.7	-8.2	-9.0	-10.1	-11.0	-11.6	-12.1	-12.6	-13.0	
- Tax, financial expenses	-0.6	-1.2	-1.1	-1.2	-0.9	-0.8	-0.7	-0.7	-0.7	-0.7	-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	-3.2	-1.2	1.1	0.9	0.4	0.4	0.2	0.2	0.2	0.2	0.1	
Operating cash flow	**42.4**	**43.6**	**53.5**	**55.9**	**58.5**	**62.3**	**64.4**	**65.5**	**67.0**	**67.3**	**68.3**	
+ Change in other long-term liabilities	-3.6	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	13.6	-13.0	-14.0	-15.0	-15.5	-16.0	-16.5	-16.8	-17.0	-17.0	-17.0	
Free operating cash flow	**52.3**	**30.5**	**39.5**	**40.9**	**43.0**	**46.3**	**47.9**	**48.7**	**50.0**	**50.3**	**51.3**	
+/- Other	0.0	-5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	52.3	25.5	39.5	40.9	43.0	46.3	47.9	48.7	50.0	50.3	51.3	891
Discounted FCFF		**25.1**	**36.1**	**34.5**	**33.6**	**33.5**	**32.1**	**30.2**	**28.7**	**26.7**	**25.1**	**437**
Sum of FCFF present value		743	717	681	647	613	580	548	517	489	462	437
Enterprise value DCF		**743**										
- Interest bearing debt		-152.6										
+ Cash and cash equivalents		20.8										
-Minorities		0.0										
-Dividend/capital return		-24.0										
Equity value DCF		**574**										
Equity value DCF per share		**24.1**										

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



Summary

Income statement	2021	2022	2023e	2024e	2025e
Revenue	163.5	167.5	**156.9**	**163.5**	**171.9**
EBITDA	58.0	55.6	**53.4**	**60.2**	**64.3**
EBIT	35.2	25.8	**32.9**	**38.8**	**44.4**
PTP	32.7	22.1	**25.8**	**32.5**	**38.0**
Net Income	25.9	17.4	**20.5**	**25.8**	**29.8**
Extraordinary items	-13.8	-3.4	**-3.1**	**-3.0**	**-13.8**

Balance sheet	2021	2022	2023e	2024e	2025e
Balance sheet total	543.8	499.1	**486.8**	**482.7**	**481.8**
Equity capital	316.4	294.9	**291.3**	**293.2**	**298.1**
Goodwill	354.6	340.7	**340.7**	**340.7**	**340.7**
Net debt	141.6	131.8	**130.4**	**120.0**	**109.3**

Cash flow	2021	2022	2023e	2024e	2025e
EBITDA	58.0	55.6	**53.4**	**60.2**	**64.3**
Change in working capital	-4.2	-3.2	**-1.2**	**1.1**	**0.9**
Operating cash flow	46.5	42.4	**43.6**	**53.5**	**55.9**
CAPEX	-10.1	13.6	**-13.0**	**-14.0**	**-15.0**
Free cash flow	31.7	52.3	**30.5**	**39.5**	**40.9**

Valuation multiples	2021	2022	2023e	2024e	2025e
EV/S	5.7	3.9	**3.4**	**3.2**	**3.0**
EV/EBITDA (adj.)	16.1	11.6	**10.0**	**8.7**	**8.0**
EV/EBIT (adj.)	19.1	13.2	**11.5**	**10.7**	**9.6**
P/E (adj.)	22.1	19.2	**14.0**	**11.7**	**10.6**
P/B	2.5	1.7	**1.3**	**1.3**	**1.3**
Dividend-%	3.0 %	4.7 %	**6.1 %**	**6.4 %**	**6.7 %**

Source: Inderes

Per share data	2021	2022	2023e	2024e	2025e
EPS (reported)	1.08	0.72	**0.86**	**1.08**	**1.25**
EPS (adj.)	1.49	1.11	**1.17**	**1.41**	**1.56**
OCF / share	1.94	1.76	**1.83**	**2.25**	**2.35**
FCF / share	1.32	2.18	**1.07**	**1.66**	**1.72**
Book value / share	13.16	12.27	**12.24**	**12.32**	**12.53**
Dividend / share	1.00	1.00	**1.00**	**1.05**	**1.10**

Growth and profitability	2021	2022	2023e	2024e	2025e
Revenue growth-%	8%	2%	**-6%**	**4%**	**5%**
EBITDA growth-%	18%	-4%	**-4%**	**13%**	**7%**
EBIT (adj.) growth-%	9%	0%	**-5%**	**5%**	**10%**
EPS (adj.) growth-%	23%	-25%	**5%**	**20%**	**11%**
EBITDA-%	35.5 %	33.2 %	**34.0 %**	**36.8 %**	**37.4 %**
EBIT (adj.)-%	30.0 %	29.3 %	**29.7 %**	**30.0 %**	**31.4 %**
EBIT-%	21.6 %	15.4 %	**21.0 %**	**23.7 %**	**25.8 %**
ROE-%	8.2 %	5.7 %	**7.0 %**	**8.8 %**	**10.1 %**
ROI-%	7.2 %	5.3 %	**7.2 %**	**8.7 %**	**10.1 %**
Equity ratio	59.4 %	60.3 %	**59.8 %**	**60.8 %**	**61.9 %**
Gearing	44.7 %	44.7 %	**44.8 %**	**40.9 %**	**36.7 %**

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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 €

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