

Revenio Group

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Pieniä kauneusvirheitä” published on 02/10/2023 at 07:35 am.

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Only minor blemishes

We reiterate our Reduce recommendation for Revenio and revise our target price to EUR 38.0 (was 40.0). Operating profit in Q4 was broadly in line with our expectations, although the company missed our expectations in bottom rows. The guidance was in line with our expectations and in the big picture, the core business is roaring ahead while future growth drivers (such as HOME2, ILLUME and Oculo) are slowly maturing. Therefore, it's easy to predict strong value creation for the company well into the future, but this is also reflected in the high valuation (2023e adj. EV/EBIT 28x).

Very good result, but unpleasant surprises in the bottom rows

In Q4, Revenio's net sales were EUR 28.3 million, increasing by 18.8% year-on-year. Currency-adjusted growth was 16.1%, slightly below our estimate (17%). Sales were particularly strong in the US for fundus imaging devices, an area where the company's market share has grown rapidly. In tonometers, the number of devices in use continues to grow at a good pace, but an increasing share of net sales comes from probes. Q4 EBIT was EUR 9.3 million, which represents an excellent EBIT margin of 33%. On the back of net sales growth and a sales margin of over 70%, the result is scaling up nicely. Strong US sales and the EUR/USD exchange rate continued to support these figures. On the bottom rows of the income statement, high financial expenses and taxes of more than 33% caused unpleasant surprises, resulting in EPS of only EUR 0.214, far below expectations. However, we wouldn't mourn the disappointment caused by exceptional items too much.

No major surprises in the guidance

Revenio guided for "strong" growth in currency-adjusted net sales and "good" profitability excluding one-off items. The guidance was expected, and the company started last year with the same guidance. This year, we expect the outcome to be similar, but the previous strong currency headwinds should turn against the company as the year progresses, weakening the reported figures. We lowered our estimates for the coming years slightly (less than 4%), but there is no change in the big picture. A positive aspect of Revenio's outlook is that new growth drivers are slowly emerging alongside the still well-developing core business. HOME2 is the fastest growing single product, iCare ILLUME (diabetic retinopathy screening solution with partner AI) has received excellent feedback and Oculo has also taken steps forward. These make it easy to forecast strong earnings growth for Revenio (2022-2026e earnings growth forecast of 16-18% CAGR) and value creation well into the future, even though the company's profitability is already at peak levels. Still, a further leap forward would probably require an acquisition to extend Revenio's product range to, for example, the OCT area.

Quality does not come for free

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 this in mind, we believe that the valuation multiples are still high (2023e adj. EV/EBIT 28x), but in a year's time the company will be priced at much more reasonable multiples (2024e adj. EV/EBIT 24x). 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. For the time being, we will wait for better places to buy.

Recommendation

Reduce

(previous Reduce)

EUR 38.00

(previous EUR 40.00)

Share price:

37.26



Key figures

	2022	2023e	2024e	2025e
Revenue	97	111	130	152
growth-%	23%	15%	17%	17%
EBIT adj.	30.9	33.9	39.7	47.7
EBIT-% adj.	31.8 %	30.5 %	30.6 %	31.3 %
Net Income	21.8	24.9	29.5	35.8
EPS (adj.)	0.86	0.98	1.15	1.39
P/E (adj.)	44.6	38.0	32.3	26.8
P/B	11.3	9.3	8.0	6.8
Dividend yield-%	0.9 %	1.1 %	1.5 %	2.0 %
EV/EBIT (adj.)	32.9	28.5	23.8	19.4
EV/EBITDA	30.6	26.4	22.3	18.2
EV/S	10.5	8.7	7.3	6.1

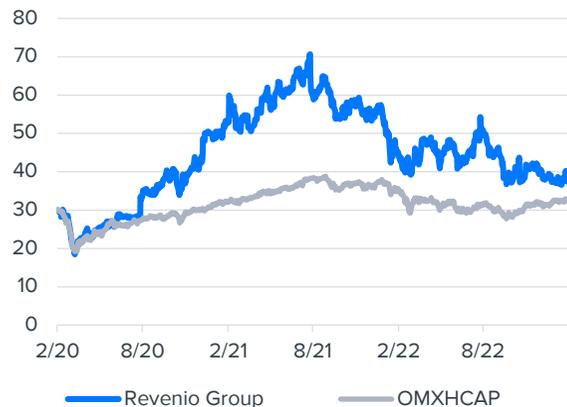
Source: Inderes

Guidance

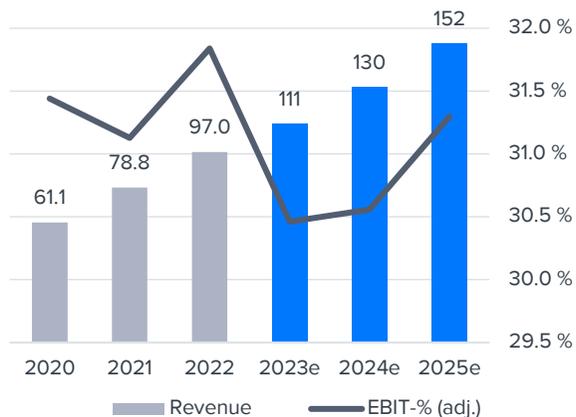
(New guidance)

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.

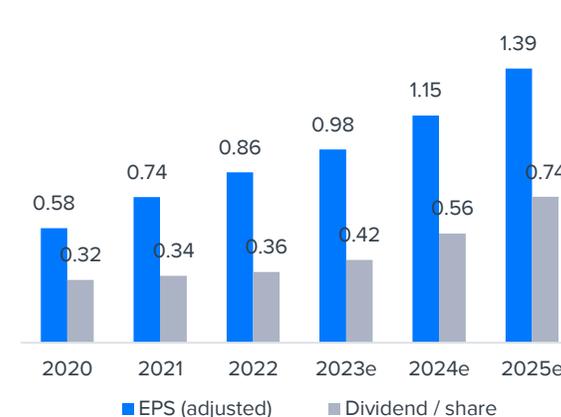
Share price



Revenue and EBIT %



EPS and dividend



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
- Attractive long-term growth potential in new products
- Excellent track record of value creation
- Potential acquisitions



Risk factors

- Weakening of iCare's patent protection 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	37.3	37.3	37.3
Number of shares, millions	26.6	26.6	26.6
Market cap	990	990	990
EV	966	945	924
P/E (adj.)	38.0	32.3	26.8
P/E	39.8	33.6	27.7
P/FCF	42.5	31.0	27.6
P/B	9.3	8.0	6.8
P/S	8.9	7.6	6.5
EV/Sales	8.7	7.3	6.1
EV/EBITDA	26.4	22.3	18.2
EV/EBIT (adj.)	28.5	23.8	19.4
Payout ratio (%)	45.0 %	50.0 %	55.0 %
Dividend yield-%	1.1 %	1.5 %	2.0 %

Source: Inderes

Very good result, but unpleasant surprises in the bottom rows

A strong quarter in terms of sales

In Q4, Revenio's net sales were EUR 28.3 million, increasing by 18.8% year-on-year. The more relevant currency-adjusted growth was 16.1%, slightly below our estimate (17%). We raised our growth estimates slightly too much after the company's positive earnings warning, and we weren't able to fully assess the impact of exchange rates.

According to Revenio, sales were very strong in the US, especially for fundus imaging devices, which remained the main growth driver. In imaging devices, the company has significantly increased its market share, where the highly competitive DRSpplus and the EIDON (Ultra Widefield) product family are important drivers. We estimate that the growth in imaging devices was more than 20%, but growth was also good in tonometers. In tonometers, the number of devices in use continues to grow at a good pace, but an increasing share of net sales comes from disposable probes. HOME2 was (again) the fastest growing of the individual products, which also supports growth on this side. In addition, customer feedback on the HOME2 product has been positive and the outlook is promising, although a major breakthrough will still take time (and may eventually

require a change in treatment practices). In addition, iCare ILLUME (diabetic retinopathy screening solution with partner AI) has received excellent feedback from the market, according to the company. The ILLUME pilots have gone according to plan and the company had already completed the first commercial system-level delivery, which is encouraging. Geographically, the company highlighted, e.g., India, where demand had strengthened and sales had picked up. Moreover, at the end of the year, the company had obtained marketing authorization in China for the iCare IC200 product and had set up a sales company in China to strengthen its presence in the Chinese market.

Operational profitability at an excellent level

Revenio's Q4 EBIT was EUR 9.3 million, which represents an excellent EBIT margin of 33%. Q4 is seasonally the best as sales are concentrated towards the end of the year, but profitability was also very strong for Revenio. On the back of net sales growth and a sales margin of over 70%, the result is scaling up nicely. At the same time, it's worth noting that Revenio received significant support from very strong sales in the US and the changes in the EUR/USD exchange rate also supported the

company's profitability.

EBIT was largely in line with our expectations, but the bottom rows of the income statement started to reveal disappointments: Net financial expenses were EUR -0.6 million (for a net debt-free company) and the tax rate was exceptionally high at over 33% for Q4. This resulted in EPS of only EUR 0.214, after we had raised our estimate to EUR 0.31 following the positive profit warning. The higher-than-normal tax rate was explained by adjustments in Italy, while financial expenses were mainly due to USD conversions.

The balance sheet has strengthened further

Cash flow from operating activities in Q4 was at a good level of EUR 11.7 million, as the company delivered a very good performance at the end of the year. After a strong year, Revenio's balance sheet is even stronger than before, with more cash than debt (net gearing -13%). Despite this, a rather modest increase in the dividend was made (proposed EUR 0.36/share vs. 2021: EUR 0.34), so the balance sheet gives hefty room for maneuver, e.g., for acquisitions. The company still seems to be interested in expanding its product range to the OCT market.

Estimates	Q4'21	Q4'22	Q4'22e	Q4'22e	Consensus		Difference (%)	2022e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
MEUR / EUR								
Revenue	23.8	28.3	29.0	28.6	27.3	29.8	-2%	97.0
EBIT	7.2	9.3	9.5	9.1	8.2	9.8	-1%	29.7
EPS (reported)	0.20	0.21	0.31	0.26	0.24	0.29	-31%	0.94
DPS	0.34	0.36	0.42	0.40	0.36	0.46	-15%	0.42
Revenue growth-%	20.6 %	18.9 %	21.8 %	20.3 %	14.8 %	25.3 %	-2.9 pp	23.1 %
EBIT-%	30.1 %	33.0 %	32.6 %	31.8 %	30.0 %	32.9 %	0.4 pp	30.6 %

Source: Inderes & Bloomberg (25.1.2022) (consensus)

No major surprises in the guidance

No surprises in the 2023 guidance

Revenio's guidance followed a familiar pattern: exchange rate-adjusted net sales are estimated to grow strongly from the previous year and profitability, excluding non-recurring items, is estimated to remain at a good level. The company started last year with the same guidance and ended up raising it in [January](#). 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. The company's management didn't expect major changes in the development of key figures (vs. 2022) and also said that the guidance may be refined and changed to a different format (range) as the year progresses.

We now expect Revenio's net sales to grow by just under 15% and its EBIT to be 29-30% in 2023 (2022: 30.6%). We expect a slight weakening mainly because the EUR/USD exchange rate will offer at least a slight headwind this year compared to last year's significant tailwind. The current exchange rate is around 1.08, compared with an average of around

1.05 last year. The impact should still be mildly positive in Q1, but after that the headwind should slowly start (at the current EUR/USD ratio). Given the excellent profitability in the US, this should also be reflected to some extent in overall profitability.

No changes in the big picture

Revenio's "baseline" for the coming years is roughly 15% net sales growth, which the company also commented for the long term on the CMD. In the first pillar, tonometers, the company is able to grow at a reasonably good pace, with slowing growth in traditional device sales supported by faster growth in probe sales (more active use of devices), the growth of the HOME2 product family and later ILLUME. It's difficult to quickly increase an already excellent market share, even if the product is still superior to competitors (despite the partial loss of patent protection). In imaging devices, market share remains modest compared to the highly competitive product range, and the segment is expected to grow many times faster than the market well into the future. The growth rate has now been around 4x the rate of the market's less than 5% growth.

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. In addition, opportunities may come from in-house R&D, which accounts for around 10% of net sales. The long-term outlook is therefore strong.

M&A very possible

Revenio has been talking about M&A lately and we think the company would be well placed to make an acquisition to expand its product portfolio. The balance sheet is strong and the existing entity is on track. It's always impossible to predict acquisitions from outside the company, but in principle we are positive about expanding the product portfolio, as the company could offer a broader package to the same customer base, provide manufacturing support and generally strengthen economies of scale. We believe that the most logical direction would be optical coherence tomography (OCT).

Estimate revisions	2022e	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	97.7	97.0	-1%	113	111	-1%	132	130	-1%
EBITDA	33.2	33.1	0%	37.7	36.6	-3%	43.5	42.5	-2%
EBIT (exc. NRIs)	31.0	30.9	0%	35.1	33.9	-3%	41.2	39.7	-4%
EBIT	29.8	29.7	0%	33.9	32.7	-3%	39.6	38.5	-3%
PTP	29.9	29.1	-3%	33.1	32.3	-2%	38.7	38.3	-1%
EPS (excl. NRIs)	0.93	0.86	-7%	1.01	0.98	-3%	1.19	1.15	-3%
DPS	0.48	0.36	-26%	0.53	0.42	-21%	0.62	0.56	-11%

Quality does not come for free

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 own 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

Revenio's valuation remains high with all indicators but for the star of Nasdaq Helsinki and a strong value creator this is expected. With estimates for this year, the key multiples (2023e adj. P/E 38x and EV/EBIT below 29x) are high, but we believe that the 2024 multiples (adj. P/E 32x and EV/EBIT 24x) are 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.

However, without a sustained decline in interest rates and hence in equity market yields, we believe that there is still limited 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 right, 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's 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.

Minor changes in the DCF calculation

Our cash flow calculation (DCF) indicates a value of around EUR 41 for the Revenio share, with a very moderate WACC of 7.3%. 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 (71%) 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.

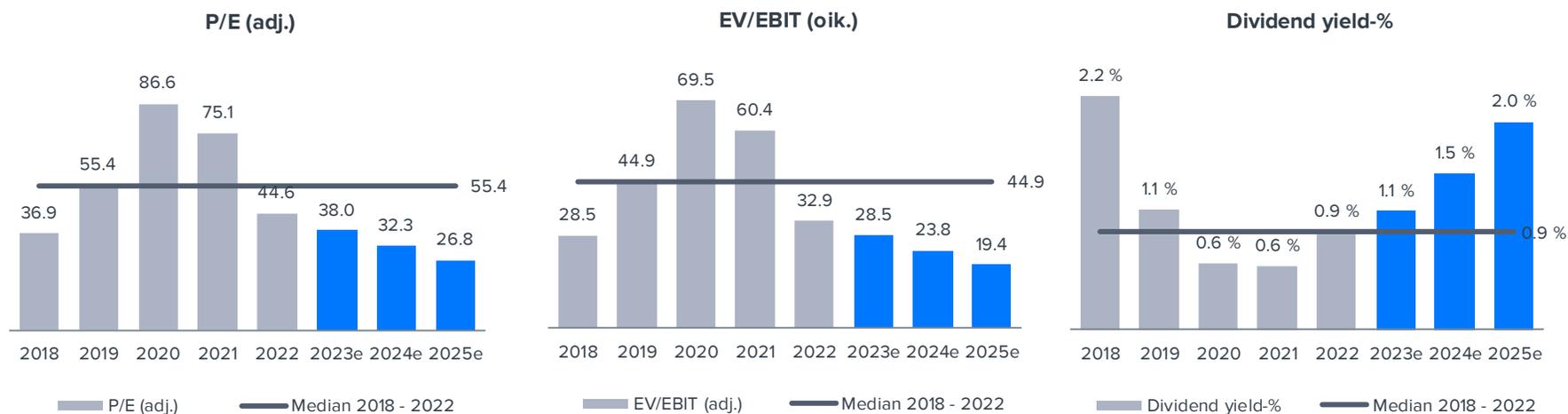
Valuation	2023e	2024e	2025e
Share price	37.3	37.3	37.3
Number of shares, millions	26.6	26.6	26.6
Market cap	990	990	990
EV	966	945	924
P/E (adj.)	38.0	32.3	26.8
P/E	39.8	33.6	27.7
P/FCF	42.5	31.0	27.6
P/B	9.3	8.0	6.8
P/S	8.9	7.6	6.5
EV/Sales	8.7	7.3	6.1
EV/EBITDA	26.4	22.3	18.2
EV/EBIT (adj.)	28.5	23.8	19.4
Payout ratio (%)	45.0 %	50.0 %	55.0 %
Dividend yield-%	1.1 %	1.5 %	2.0 %

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	37.3	37.3	37.3	37.3
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	990	990	990	990
EV	290	700	1335	1482	1015	966	945	924	902
P/E (adj.)	36.9	55.4	86.6	75.1	44.6	38.0	32.3	26.8	22.6
P/E	36.9	73.0	>100	85.7	47.1	39.8	33.6	27.7	23.2
P/FCF	36.0	neg.	>100	>100	48.7	42.5	31.0	27.6	23.8
P/B	16.6	10.8	19.2	18.9	11.3	9.3	8.0	6.8	5.9
P/S	9.8	14.1	21.9	18.8	10.6	8.9	7.6	6.5	5.6
EV/Sales	9.5	14.1	21.9	18.8	10.5	8.7	7.3	6.1	5.1
EV/EBITDA	27.1	47.9	61.5	57.7	30.6	26.4	22.3	18.2	15.0
EV/EBIT (adj.)	28.5	44.9	69.5	60.4	32.9	28.5	23.8	19.4	16.0
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 %	1.1 %	1.5 %	2.0 %	2.6 %

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	1057	1056	36.1	31.6	32.4	28.5	10.9	9.6	45.0	40.5	1.0	1.1
Cooper Companies	15875	18323	24.7	23.1	20.3	19.4	6.0	5.6	26.9	27.6	0.0	0.0
Ametek	31043	32945	23.6	21.9	19.5	18.3	5.8	5.5	25.8	24.2	0.6	0.6
Halma	9804	10366	29.2	25.3	24.8	21.6	6.2	5.2	35.8	30.8	0.9	0.9
Topcon	1256	1519		0.0	9.5	7.2	1.3	1.0	23.0	13.8	1.3	2.6
Medtronic	106864	121187	14.4	15.8	12.9	14.1	4.1	4.3	15.2	16.3	2.9	3.1
EssilorLuxotica SA	77980	88336	21.5	20.5	14.6	13.6	3.6	3.5	26.9	25.2	1.9	2.0
Carl Zeiss Meditec	11869	12075	31.3	28.9	26.9	24.7	6.6	5.9	45.5	40.5	0.8	0.8
Ambu	3891	4133	321.9	136.9	95.8	55.6	7.0	6.3	255.3	192.7	0.2	0.1
Demand	7021	8654	19.4	17.7	14.6	13.4	3.3	3.1	22.1	20.3		0.0
Optomed (Inderes)	73	70					4.8	4.2				
Revenio Group (Inderes)	990	966	28.5	23.8	26.4	22.3	8.7	7.3	38.0	32.3	1.1	1.5
Average			58.0	32.2	27.1	21.6	5.4	4.9	52.2	43.2	1.1	1.1
Median			24.7	22.5	19.9	18.8	5.8	5.2	26.9	26.4	0.9	0.9
Diff-% to median			15%	6%	33%	18%	50%	41%	41%	22%	33%	72%

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

Income statement

Income statement	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23e	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	23.8	27.1	28.3	32.2	111	130	152	177
Tonometers (estimate)	41.8	49.2	13.2	16.9	13.0	15.5	58.6	15.1	16.7	15.1	17.7	64.6	75.0	90.0	104
Imaging devices (estimate)	19.1	28.3	6.6	6.9	10.7	12.1	36.2	8.0	9.6	12.3	13.5	43.3	49.8	55.8	64.2
Oculo (estimate)	0.0	0.9	0.4	0.6	0.5	0.7	2.2	0.7	0.8	0.9	1.0	3.4	5.0	6.5	8.0
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	7.3	8.6	8.9	11.8	36.6	42.5	50.8	60.0
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	6.8	7.9	8.2	11.1	33.9	39.7	47.7	56.4
EBIT	17.1	22.1	5.6	7.1	7.7	9.3	29.7	6.5	7.6	7.9	10.8	32.7	38.5	46.5	55.3
Net financial items	-0.4	0.0	0.3	-0.1	-0.1	-0.7	-0.6	-0.1	-0.1	-0.1	-0.1	-0.4	-0.2	0.0	0.2
PTP	16.7	22.1	5.8	7.1	7.6	8.6	29.1	6.4	7.5	7.8	10.7	32.3	38.3	46.5	55.5
Taxes	-3.4	-4.8	-1.2	-1.7	-1.5	-2.9	-7.3	-1.5	-1.7	-1.8	-2.5	-7.4	-8.8	-10.7	-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	4.9	5.7	6.0	8.2	24.9	29.5	35.8	42.7
EPS (adj.)	0.58	0.74	0.18	0.22	0.24	0.23	0.86	0.20	0.23	0.24	0.32	0.98	1.15	1.39	1.65
EPS (rep.)	0.50	0.65	0.17	0.20	0.23	0.22	0.82	0.18	0.22	0.23	0.31	0.94	1.11	1.35	1.61

Key figures	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23e	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 %	17.7 %	11.0 %	17.3 %	14.0 %	14.8 %	16.6 %	17.3 %	15.9 %
Adjusted EBIT growth-%		27.8 %	6.6 %	57.6 %	27.5 %	19.3 %	25.9 %	15.6 %	5.9 %	2.8 %	15.2 %	9.9 %	16.9 %	20.1 %	18.4 %
EBITDA-%	35.5 %	32.6 %	31.7 %	32.7 %	35.4 %	36.1 %	34.1 %	30.9 %	31.6 %	31.4 %	36.6 %	32.9 %	32.7 %	33.4 %	34.0 %
Adjusted EBIT-%	31.4 %	31.1 %	29.0 %	30.4 %	33.0 %	34.1 %	31.8 %	28.5 %	29.0 %	28.9 %	34.4 %	30.5 %	30.6 %	31.3 %	32.0 %
Net earnings-%	21.9 %	22.0 %	22.6 %	22.2 %	25.2 %	20.2 %	22.5 %	20.7 %	21.2 %	21.2 %	25.6 %	22.3 %	22.7 %	23.5 %	24.2 %

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	4.6
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	67.3	89.3	115
Inventories	6.4	6.7	8.9	9.1	10.7
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	9.2	13.7	15.6	16.9	19.8
Cash and equivalents	25.2	32.1	42.8	63.4	84.5
Balance sheet total	125	136	151	173	198

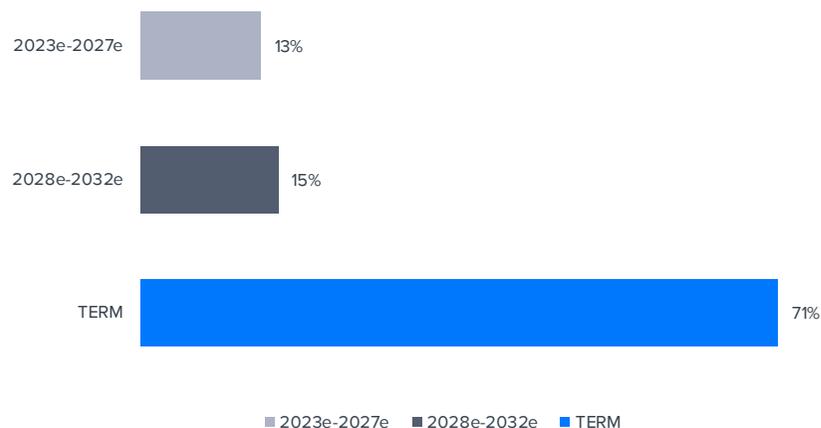
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	78.4	90.9	106	125	146
Share capital	5.3	5.3	5.3	5.3	5.3
Retained earnings	22.1	34.3	49.6	67.9	89.0
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	25.3	29.0	33.5
Short term debt	23.5	5.0	3.0	3.0	3.0
Payables	16.9	20.2	22.3	26.0	30.5
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	125	136	151	173	198

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	23.1%	14.8%	16.6%	17.3%	15.9%	14.0%	11.0%	8.0%	5.0%	5.0%	3.0%	3.0%
EBIT-%	30.6%	29.4%	29.7%	30.5%	31.3%	31.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
EBIT (operating profit)	29.7	32.7	38.5	46.5	55.3	62.4	67.0	72.4	76.0	79.8	82.2	
+ Depreciation	3.4	3.9	3.9	4.4	4.7	5.3	5.7	6.2	6.5	6.7	6.9	
- Paid taxes	-7.5	-7.4	-8.8	-10.7	-12.8	-14.5	-15.6	-16.8	-17.7	-18.6	-19.1	
- Tax, financial expenses	-0.2	-0.2	-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	27.0	35.8	40.1	47.3	53.3	57.4	61.9	65.0	68.1	70.2	
+ 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	-3.7	-3.9	-4.2	-5.6	-6.0	-6.4	-6.6	-6.6	-7.0	-6.9	
Free operating cash flow	21.1	23.3	31.9	35.9	41.7	47.4	51.0	55.3	58.4	61.2	63.3	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	21.1	23.3	31.9	35.9	41.7	47.4	51.0	55.3	58.4	61.2	63.3	1533
Discounted FCFF		21.9	28.0	29.3	31.7	33.6	33.8	34.1	33.6	32.8	31.7	767
Sum of FCFF present value		1078	1056	1028	999	967	933	900	865	832	799	767
Enterprise value DCF		1078										
- Interesting bearing debt		-20.8										
+ Cash and cash equivalents		32.1										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		1089										
Equity value DCF per share		41.0										

Cash flow distribution



Wacc

Tax-% (WACC)	20.0%
Target debt ratio (D/(D+E))	0.0%
Cost of debt	3.0%
Equity Beta	1.00
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5%
Cost of equity	7.3%
Weighted average cost of capital (WACC)	7.3%

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	111.4	129.8	EPS (reported)	0.50	0.65	0.82	0.94	1.11
EBITDA	21.7	25.7	33.1	36.6	42.5	EPS (adj.)	0.58	0.74	0.86	0.98	1.15
EBIT	17.1	22.1	29.7	32.7	38.5	OCF / share	0.59	0.85	0.90	1.02	1.35
PTP	16.7	22.1	29.1	32.3	38.3	FCF / share	0.50	0.25	0.79	0.88	1.20
Net Income	13.3	17.3	21.8	24.9	29.5	Book value / share	2.62	2.94	3.42	4.00	4.68
Extraordinary items	-2.1	-2.4	-1.2	-1.2	-1.2	Dividend / share	0.32	0.34	0.36	0.42	0.56
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	114.4	124.6	136.1	150.7	172.7	Revenue growth-%	23%	29%	23%	15%	17%
Equity capital	69.7	78.4	90.9	106.2	124.5	EBITDA growth-%	49%	18%	29%	11%	16%
Goodwill	50.4	59.8	59.8	59.8	59.8	EBIT (adj.) growth-%	23%	28%	26%	10%	17%
Net debt	-1.9	0.0	-11.3	-24.8	-45.4	EPS (adj.) growth-%	23%	27%	17%	14%	18%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	35.5 %	32.6 %	34.1 %	32.9 %	32.7 %
EBITDA	21.7	25.7	33.1	36.6	42.5	EBIT (adj.)-%	31.4 %	31.1 %	31.8 %	30.5 %	30.6 %
Change in working capital	-2.1	2.4	-1.5	-2.0	2.2	EBIT-%	28.0 %	28.0 %	30.6 %	29.4 %	29.7 %
Operating cash flow	15.8	22.7	24.0	27.0	35.8	ROE-%	19.9 %	23.4 %	25.7 %	25.3 %	25.6 %
CAPEX	-2.5	-15.8	-2.9	-3.7	-3.9	ROI-%	17.9 %	22.1 %	27.6 %	28.1 %	29.3 %
Free cash flow	13.2	6.7	21.1	23.3	31.9	Equity ratio	60.9 %	63.0 %	66.8 %	70.5 %	72.1 %
						Gearing	-2.7 %	0.0 %	-12.5 %	-23.3 %	-36.4 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	21.9	18.8	10.5	8.7	7.3						
EV/EBITDA (adj.)	61.5	57.7	30.6	26.4	22.3						
EV/EBIT (adj.)	69.5	60.4	32.9	28.5	23.8						
P/E (adj.)	86.6	75.1	44.6	38.0	32.3						
P/E	19.2	18.9	11.3	9.3	8.0						
Dividend-%	0.6 %	0.6 %	0.9 %	1.1 %	1.5 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
10/26/2018	Accumulate	14.50 €	13.76 €
2/15/2019	Accumulate	16.50 €	15.46 €
4/16/2019	Accumulate	21.00 €	18.80 €
4/26/2019	Accumulate	21.00 €	19.10 €
8/16/2019	Accumulate	21.00 €	19.40 €
10/2/2019	Accumulate	21.00 €	19.22 €
10/25/2019	Accumulate	24.50 €	23.20 €
11/26/2019	Reduce	24.50 €	25.55 €
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 €



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