

# Suominen

## Company report

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This report is a summary translation of the report “Selvästi parempaa luvassa ensi vuotta kohti” published on 10/26/2022 at 6:47 pm

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# Clearly better things to come towards next year

Suominen's Q3 performance remained at a weak level despite good growth and was below our expectations. However, the company's problems seem to slowly start alleviating and we expect it to reach its normal performance next year. Considering this earnings level, the valuation (P/E 10x, EV/EBIT 9x) already starts looking favorable. We raise our recommendation to Accumulate (previously Reduce) and revise our target price to EUR 3.00 (previously EUR 3.30) due to lower estimates.

## Strong net sales, but cost inflation still pushed the margin down

Suominen Q3's net sales grew by over 30% from the weak comparison period, when the volume, prices and exchange rates pushed net sales upward roughly at the same rate. Q3 net sales at the company's record level at EUR 132 million. Profitability, on the other hand, was still depressed by strong cost inflation, which Suominen was not yet able to compensate for in Q3. Q3 earnings were supported by a tax credit of about 2 million (recorded in other operating income) without which EBIT would have been weaker than in the comparison period and negative but still improved from the previous quarter. The gross margin remained very low at about 4%, which was also the Q2 level, as cost inflation continued as strong. Cash flow turned negative due to working capital commitment although this was affected by improved demand toward the end of the quarter, which is a positive sign for the future.

## Weak result depressed 2022 estimates, but 2023-24 remains roughly unchanged

Suominen reiterated its guidance that comparable EBITDA in 2022 will decrease clearly from 2021 (47 MEUR). Due to the weak start of the year this is already self-evident. More importantly, looking into Q4 Suominen sees a number of positive signs: raw material prices are stabilizing, customers' inventory situation is improving in the US, and the gas situation in Europe seems favorable at least for the time being. Suominen's price mechanisms automatically raise prices in line with raw material prices and, on the other hand, it has made new energy surcharges to compensate for increased energy costs. These factors should result in the margin making an upward turn in Q4. Our 2022 estimates fell due to the weak Q3 margin level, but changes for the coming years are minor. We also cut our dividend estimates somewhat and believe that the company will not pay dividends for this year as we expect a negative result. The operating income level of EUR 20-25 million in the coming years reflects the company's historical level, which we also consider to be its normalized earnings level.

## Valuation is low at the normal 2023-24 earnings level

Due to poor performance, the valuation multiples for 2022 cannot be calculated or are high. With 2023-24 figures, which we consider to be the normal earnings level for the company, the valuation is favorable. P/E ratios are 10x and 8x, and EV/EBIT is well below 10x. We believe that the result trend has turned and this close to the end of the year, we should be looking at least at next year's estimates when considering the valuation. We see P/E ratios of around 10-12x as acceptable for Suominen in the current interest rate environment. Suominen's P/B ratio has already fallen to 1.0x with 2022 figures and below it in the coming years. With our estimates, the company will achieve approximately 9-10% return on capital in the next few years, i.e., roughly the level of our required return, which means that the P/B at 1x is in our opinion the correct return/risk ratio.

## Recommendation

### Accumulate

(previous Reduce)

### EUR 3.00

(previous EUR 3.30)

### Share price:

2.48



## Key figures

	2021	2022e	2023e	2024e
Revenue	443	498	528	522
growth %	-3 %	12 %	6 %	-1 %
EBIT adj.	26,9	-2,2	21,0	25,1
EBIT-% adj.	6,1 %	-0,4 %	4,0 %	4,8 %
Net Income	20,7	-4,2	13,7	16,8
EPS (adj.)	0,31	-0,07	0,24	0,29
P/E (adj.)	16,7	neg.	10,4	8,5
P/B	1,8	1,0	0,9	0,8
Dividend yield %	3,9 %	0,0 %	4,0 %	6,0 %
EV/EBIT (adj.)	12,8	neg.	9,0	6,8
EV/EBITDA	7,3	12,1	4,4	3,6
EV/S	0,8	0,4	0,4	0,3

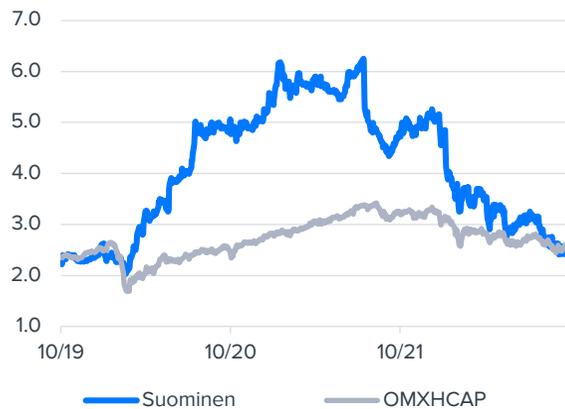
Source: Inderes

## Guidance

(Ennallaan)

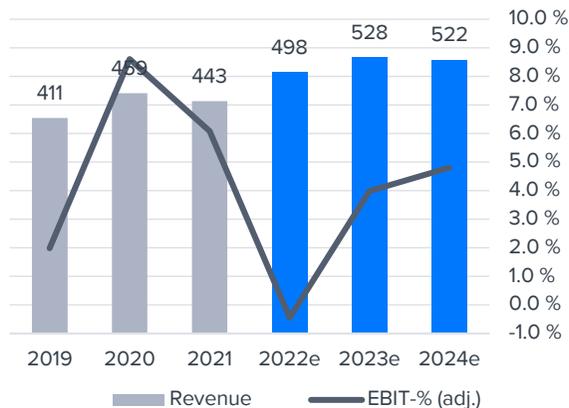
Suominen odottaa, että sen vertailukelpoinen käyttökatte (EBITDA) vuonna 2022 laskee selvästi vuodesta 2021. Vuonna Suominen EBITDA oli 47 MEUR.

## Share price



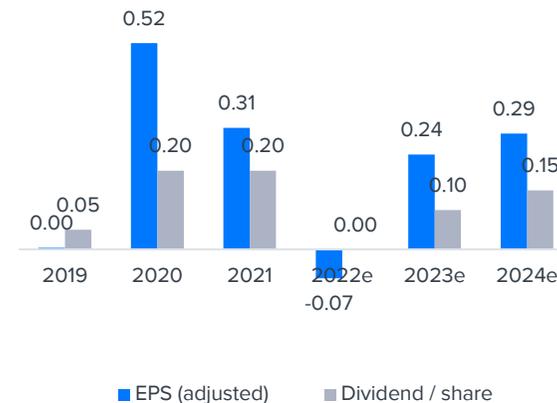
Source: Millistream Market Data AB

## Revenue and EBIT %



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- Earnings normalizing as cost inflation stabilizes
- Steady end demand for products
- Suominen's expertise and products in sustainable non-wovens



## Risk factors

- Tight competition in the industry
- Low pricing power
- Changes in raw material prices cause earnings fluctuation

Valuation	2022e	2023e	2024e
Share price	2.48	2.48	2.48
Number of shares, millions	57.5	57.5	57.5
Market cap	143	143	143
EV	206	188	169
P/E (adj.)	neg.	10.4	8.5
P/E	neg.	10.4	8.5
P/FCF	neg.	6.9	5.4
P/B	1.0	0.9	0.8
P/S	0.3	0.3	0.3
EV/Sales	0.4	0.4	0.3
EV/EBITDA	12.1	4.4	3.6
EV/EBIT (adj.)	neg.	9.0	6.8
Payout ratio (%)	0%	42%	51%
Dividend yield-%	0.0 %	4.0 %	6.0 %

Source: Inderes

# Strong net sales, but cost inflation still pushed the margin down

## Net sales grew to record levels

Suominen's net sales growth in Q3 was over 30%. The company said this was roughly evenly distributed between the impact of exchange rates, volume growth and price increases. However, the comparison period Q3'21 was very weak in volume terms, so growth rates should be proportionate to it. Growth exceeded our expectations.

## Very weak result especially considering one-off tax credits

Suominen's Q3 EBITDA was about EUR 2 million and EBIT was at zero level. However, this includes around EUR 2 million in tax credits, which we believe are one-off, but the company has not treated them as a non-recurring item. Without them, the result would have been lower than in Q3'21, but slightly better than in Q2'22. However, in view of the expectations, the result was weak when the risen raw material and

energy prices had not yet been fully passed on to sales prices. This was well reflected in the gross margin, which was only about 4% like in Q2'22. However, in an environment of high raw material prices, the company referred to the fact that it focuses more on absolute than relative figures. Even with this approach, the result was weak and, without tax credits, the operating result would have been negative, as in the two previous quarters this year.

## EPS close to zero

Financial items were exceptionally strong and only EUR 0.1 million negative, while Suominen recorded EUR 0.5 million in taxes on almost zero profit. Thus EPS was slightly negative.

## Cash flow was also weak

Suominen's operating cash flow from the three quarters of the year was slightly negative due to the

weak result and increased working capital. Working capital is affected by both price increases, the recovery in demand seen towards the end of Q3, and the delivery challenges still existing in certain raw materials for which the company maintains extra stocks.

At the end of Q3, Suominen's net debt was EUR 66 million. Due to the poor earnings level, net debt/EBITDA with our 2022 estimates is almost 4x. We do not believe this will cause financial difficulties for the company, but it may affect the willingness to pay dividends. At the beginning of October, Suominen repaid the old EUR 85 million bond and currently its principal debt is a EUR 50 million bond that expires in 2027. Therefore, the company's debt financing remains reasonably priced for a long time to come.

Estimates	Q3'21	Q3'22	Q3'22e	Q3'22e	Consensus		Difference (%)	2022e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	98.7	132	127	124	121	127	3%	498
EBITDA	4.2	5.1	7.9	7.7	7.4	7.9	-35%	17.0
EBIT	-0.8	0.2	2.7	2.6	2.4	2.7		-2.2
EPS (adj.)	-0.03	-0.01	0.02	0.02	0.02	0.03		-0.07
Revenue growth-%	-14.5 %	33.7 %	29.2 %	25.7 %	22.7 %	28.7 %	4.5 pp	12.3 %
EBIT-% (adj.)	-0.9 %	0.2 %	2.1 %	0.0 %	0.0 %	0.0 %	-2 pp	-0.4 %

Source: Inderes & Reuters (consensus)

# Weak result depressed 2022 estimates, but 2023-24 remains mainly unchanged

## Guidance unchanged, positive signs for Q4

In its Q3 report, Suominen reiterated its 2022 guidance according to which the company's adjusted EBITDA in 2022 will decrease clearly from 2021 (2021 EBITDA 47 MEUR). Due to the weak development earlier in the year this is already self-evident. The result has been depressed by the slow fall in customer inventory levels in the US and strong inflation in raw material and energy prices this year.

More importantly, however, looking into Q4 Suominen sees a number of positive signs: raw material prices are stabilizing, customers' inventory situation is improving in the US, and the gas situation in Europe seems favorable at least for the time being. Because Suominen's price mechanisms automatically raise prices in line with raw material

prices and on the other hand it has made new energy surcharges to compensate for increased energy costs, the end result should be a clear margin improvement in Q4. The base level of previous quarters is weak and the direction should be clearly upward for profitability to reach even a reasonable/the company's historical level. However, the expected trend turn after Q3 is important.

## 2022 estimates cut

The weaker-than-expected Q3 led to cuts in 2022 estimates, although a turn for the better is expected in Q4. We have also cut the dividend estimate to zero as this year's result is negative in our estimates, the cash flow is weak and the balance sheet measured with net debt/EBITDA (close on 4x) is also weak.

## No major changes for the coming years

We raised our net sales estimates for 2023-24 but earnings estimates are revised slightly downward. We believe that the EUR 20-25 million we estimate for these years represents Suominen's normalized performance level. Achieving this earnings level requires cost inflation to be stabilize or make a downturn. This is also the average level historically achieved by Suominen.

Estimate revisions MEUR / EUR	2022e			2023e			2024e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
Revenue	488	498	2%	488	528	8%	498	522	5%
EBITDA	22.5	17.0	-24%	42.5	42.2	-1%	47.3	46.4	-2%
EBIT (exc. NRIs)	2.5	-2.2	-188%	21.4	21.0	-2%	26.0	25.1	-4%
EBIT	2.5	-2.2	-188%	21.4	21.0	-2%	26.0	25.1	-4%
PTP	0.3	-3.1	-1025%	18.2	18.3	0%	22.8	22.4	-2%
EPS (excl. NRIs)	-0.02	-0.07	276%	0.24	0.24	0%	0.30	0.29	-2%
DPS	0.10	0.00	-100%	0.13	0.10	-23%	0.16	0.15	-6%

Source: Inderes

# Valuation is favorable at normal earnings level

## We raise our recommendation to Accumulate

With support from both earnings and balance sheet multiples and the DCF model, we set Suominen's target price at EUR 3 (previously EUR 3.30). As the share price has slid below this, we raise our recommendation to Accumulate (previously Reduce).

## Valuation is favorable with 2023-24 figures

Due to poor performance, the valuation multiples for 2022 cannot be calculated or are high. With 2023-24 figures, which we consider to be the normal earnings level for the company, the valuation is favorable. P/E ratios are 10x and 8x, EV/EBITDA around 4x and EV/EBIT well below 10x. As mentioned above, Q3 was already slightly better than Q2 and Q4 should continue on a positive trend. So, we believe that the result trend has turned and this close to the end of the year, we should be looking at least at next year's estimates when considering the valuation. We see P/E ratios of around 10-12x as acceptable for Suominen in the current interest rate environment.

However, dividend yield does not support the share with our expectations in the near future as we expect the company not to pay dividends for the weak 2022. However, the dividend distribution ratio, which is about 50% of the normal profit level, raises the dividend yield to over 5%

Suominen's P/B ratio has already fallen to 1.0x with 2022 figures and below it in the coming years. With our estimates, the company will achieve approximately 9-10% return on capital in the next few years, i.e., roughly the level of our required return, which means that P/B 1x is a justified level with which the return/risk ratio is sufficient in our opinion.

## The value of the DCF model is approximately EUR 3.5

We have changed the risk-free interest rate in our DCF model to 2.5%. In addition, in connection with the analyst change we revised the assumptions in the DCF model. As a result, the value of the DCF model has fallen and is now around EUR 3.5. This is still somewhat above our target price, but as the company's earnings level is still rather weak and historically rather volatile, we look more at the multiples of the coming years than the long-term DCF value.

## Longer-term return potential is moderate

In the longer term, we believe that Suominen's return on capital will be roughly at the level of the required return, as in the coming years. We believe that the company will be able to achieve small earnings growth, but in the absence of clear competitive advantages, with strong competition in the sector and high raw material prices swaying profitability, we do not believe in significant and sustainable long-term earnings growth. We expect that the company can pay over 5% dividend yield compared to the current share price, which also supports the longer-term expected return of the share.

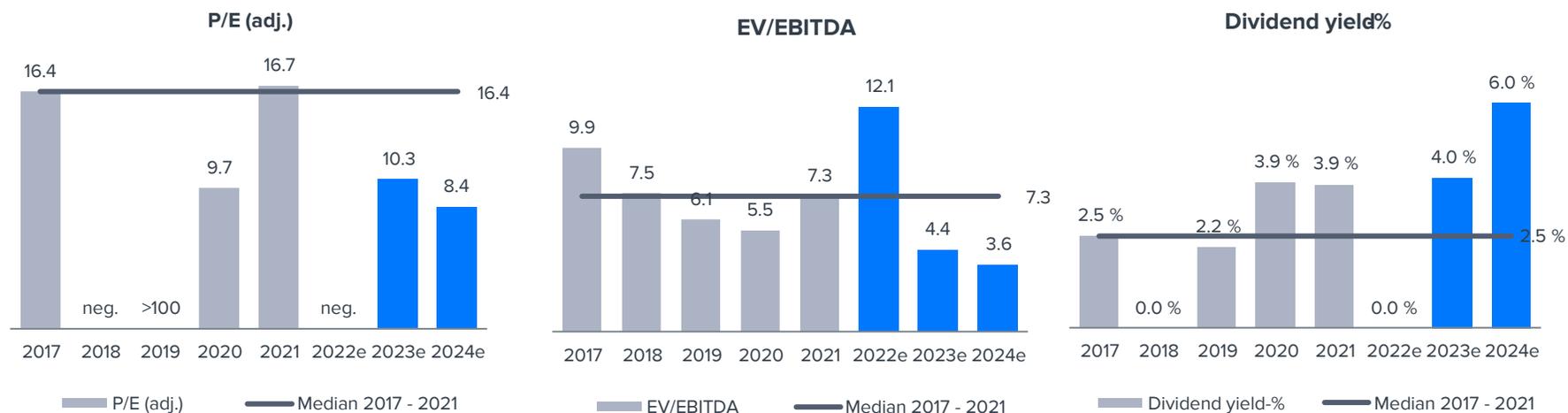
Valuation	2022e	2023e	2024e
Share price	2.48	2.48	2.48
Number of shares, millions	57.5	57.5	57.5
Market cap	143	143	143
EV	206	188	169
P/E (adj.)	neg.	10.4	8.5
P/E	neg.	10.4	8.5
P/FCF	neg.	6.9	5.4
P/B	1.0	0.9	0.8
P/S	0.3	0.3	0.3
EV/Sales	0.4	0.4	0.3
EV/EBITDA	12.1	4.4	3.6
EV/EBIT (adj.)	neg.	9.0	6.8
Payout ratio (%)	0%	42%	51%
Dividend yield-%	0.0 %	4.0 %	6.0 %

Source: Inderes

# Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	4.42	2.05	2.31	5.08	5.18	2.48	2.48	2.48	2.48
Number of shares, millions	53.6	57.5	57.5	57.5	57.5	57.5	57.5	57.5	57.5
Market cap	258	118	133	292	298	143	143	143	143
EV	341	192	204	334	345	206	188	169	158
P/E (adj.)	16.4	neg.	>100	9.7	16.7	neg.	10.4	8.5	9.6
P/E	16.4	neg.	>100	9.7	14.4	neg.	10.4	8.5	9.6
P/FCF	43.5	5.5	6.3	5.8	neg.	neg.	6.9	5.4	6.6
P/B	1.9	0.9	1.0	2.0	1.8	1.0	0.9	0.8	0.8
P/S	0.6	0.3	0.3	0.6	0.7	0.3	0.3	0.3	0.3
EV/Sales	0.8	0.4	0.5	0.7	0.8	0.4	0.4	0.3	0.3
EV/EBITDA	9.9	7.5	6.1	5.5	7.3	12.1	4.4	3.6	3.6
EV/EBIT (adj.)	22.7	41.7	25.1	8.5	12.8	neg.	9.0	6.8	7.1
Payout ratio (%)	44.3 %	0.0 %	1282.8 %	38.2 %	55.4 %	0.0 %	41.9 %	51.4 %	58.3 %
Dividend yield-%	2.5 %	0.0 %	2.2 %	3.9 %	3.9 %	0.0 %	4.0 %	6.0 %	6.0 %

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	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e
Huhtamäki	3911	5541	13.7	13.8	9.0	8.9	1.2	1.2	14.7	14.5	3.0	3.1	2.2
Duni	297	458	13.3	10.1	6.6	5.9	0.7	0.7	10.3	7.9	7.2	7.7	1.1
Sealed Air	6945	10344	10.5	10.2	8.5	8.2	1.8	1.8	11.7	11.1	1.7	1.7	18.7
Riverstone	547	273	2.7	2.8	2.3	2.5	0.9	0.9	7.3	7.2	29.0	19.8	1.3
Berry Plastics	5966	14979	10.7	10.1	7.0	6.8	1.0	1.0	6.5	6.1			1.9
Glatfelter	117	863	18.7	11.5	7.4	5.9	0.6	0.5		5.2			
<b>Suominen (Inderes)</b>	<b>143</b>	<b>206</b>	<b>-92.4</b>	<b>8.9</b>	<b>12.1</b>	<b>4.4</b>	<b>0.4</b>	<b>0.4</b>	<b>-33.9</b>	<b>10.3</b>	<b>0.0</b>	<b>4.0</b>	<b>1.0</b>
<b>Average</b>			<b>11.6</b>	<b>9.7</b>	<b>6.8</b>	<b>6.4</b>	<b>1.0</b>	<b>1.0</b>	<b>10.1</b>	<b>8.7</b>	<b>10.2</b>	<b>8.1</b>	<b>5.1</b>
<b>Median</b>			<b>12.0</b>	<b>10.2</b>	<b>7.2</b>	<b>6.4</b>	<b>1.0</b>	<b>1.0</b>	<b>10.3</b>	<b>7.5</b>	<b>5.1</b>	<b>5.4</b>	<b>1.9</b>
<b>Diff-% to median</b>			<b>-872%</b>	<b>-12%</b>	<b>69%</b>	<b>-30%</b>	<b>-57%</b>	<b>-63%</b>	<b>-428%</b>	<b>37%</b>	<b>-100%</b>	<b>-25%</b>	<b>-49%</b>

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

# Income statement

Income statement	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22	Q3'22	Q4'22e	2022e	2023e	2024e	2025e
<b>Revenue</b>	<b>459</b>	<b>115</b>	<b>114</b>	<b>98.7</b>	<b>116</b>	<b>443</b>	<b>110</b>	<b>118</b>	<b>132</b>	<b>138</b>	<b>498</b>	<b>528</b>	<b>522</b>	<b>528</b>
Nonwovens	459	115	114	98.7	116	443	110	118	132	138	498	528	522	528
<b>EBITDA</b>	<b>60.9</b>	<b>18.5</b>	<b>15.3</b>	<b>4.2</b>	<b>9.0</b>	<b>47.0</b>	<b>3.3</b>	<b>1.9</b>	<b>5.1</b>	<b>6.7</b>	<b>17.0</b>	<b>42.2</b>	<b>46.4</b>	<b>44.1</b>
Depreciation	-21.4	-4.9	-5.0	-5.1	-5.1	-20.1	-4.6	-4.8	-4.9	-5.0	-19.2	-21.2	-21.4	-21.7
<b>EBIT (excl. NRI)</b>	<b>39.5</b>	<b>13.6</b>	<b>10.3</b>	<b>-0.8</b>	<b>3.9</b>	<b>26.9</b>	<b>-1.3</b>	<b>-2.9</b>	<b>0.2</b>	<b>1.7</b>	<b>-2.2</b>	<b>21.0</b>	<b>25.1</b>	<b>22.4</b>
<b>EBIT</b>	<b>39.5</b>	<b>13.6</b>	<b>10.3</b>	<b>-0.8</b>	<b>3.9</b>	<b>26.9</b>	<b>-1.3</b>	<b>-2.9</b>	<b>0.2</b>	<b>1.7</b>	<b>-2.2</b>	<b>21.0</b>	<b>25.1</b>	<b>22.4</b>
Nonwovens	39.5	13.6	10.3	-0.8	3.9	26.9	-1.3	-2.9	0.2	1.7	-2.2	21.0	25.1	22.4
Net financial items	-5.6	3.3	-1.6	-1.0	-1.1	-0.4	-0.9	0.7	-0.1	-0.6	-0.9	-2.7	-2.7	-2.7
<b>PTP</b>	<b>33.9</b>	<b>16.9</b>	<b>8.7</b>	<b>-1.8</b>	<b>2.8</b>	<b>26.6</b>	<b>-2.2</b>	<b>-2.2</b>	<b>0.1</b>	<b>1.1</b>	<b>-3.1</b>	<b>18.3</b>	<b>22.4</b>	<b>19.7</b>
Taxes	-3.8	-3.1	-2.6	0.1	-0.3	-5.8	-0.1	-0.1	-0.5	-0.3	-1.1	-4.6	-5.6	-4.9
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net earnings</b>	<b>30.1</b>	<b>13.8</b>	<b>6.1</b>	<b>-1.7</b>	<b>2.5</b>	<b>20.7</b>	<b>-2.3</b>	<b>-2.3</b>	<b>-0.4</b>	<b>0.9</b>	<b>-4.2</b>	<b>13.7</b>	<b>16.8</b>	<b>14.8</b>
<b>EPS (adj.)</b>	<b>0.52</b>	<b>0.19</b>	<b>0.11</b>	<b>-0.03</b>	<b>0.04</b>	<b>0.31</b>	<b>-0.04</b>	<b>-0.04</b>	<b>-0.01</b>	<b>0.01</b>	<b>-0.07</b>	<b>0.24</b>	<b>0.29</b>	<b>0.26</b>
<b>EPS (rep.)</b>	<b>0.52</b>	<b>0.24</b>	<b>0.11</b>	<b>-0.03</b>	<b>0.04</b>	<b>0.36</b>	<b>-0.04</b>	<b>-0.04</b>	<b>-0.01</b>	<b>0.01</b>	<b>-0.07</b>	<b>0.24</b>	<b>0.29</b>	<b>0.26</b>
<b>Key figures</b>	<b>2020</b>	<b>Q1'21</b>	<b>Q2'21</b>	<b>Q3'21</b>	<b>Q4'21</b>	<b>2021</b>	<b>Q1'22</b>	<b>Q2'22</b>	<b>Q3'22</b>	<b>Q4'22e</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>
<b>Revenue growth-%</b>	11.5 %	4.6 %	-6.9 %	-14.5 %	4.1 %	-3.4 %	-4.4 %	3.8 %	33.7 %	19.1 %	12.3 %	6.0 %	-1.0 %	1.0 %
<b>Adjusted EBIT growth-%</b>	385.8 %	138.5 %	-16.5 %	-106.5 %	-54.6 %	-31.8 %	-109.3 %	-128.1 %	-124.0 %	-55.2 %	-108.3 %	-1039.0 %	19.5 %	-10.7 %
<b>EBITDA-%</b>	13.3 %	16.0 %	13.5 %	4.3 %	7.8 %	10.6 %	3.0 %	1.6 %	3.9 %	4.9 %	3.4 %	8.0 %	8.9 %	8.4 %
<b>Adjusted EBIT-%</b>	8.6 %	11.8 %	9.1 %	-0.9 %	3.4 %	6.1 %	-1.1 %	-2.5 %	0.2 %	1.3 %	-0.4 %	4.0 %	4.8 %	4.2 %
<b>Net earnings-%</b>	6.6 %	11.9 %	5.4 %	-1.7 %	2.2 %	4.7 %	-2.1 %	-2.0 %	-0.3 %	0.6 %	-0.8 %	2.6 %	3.2 %	2.8 %

Source: Inderes

# Balance sheet

Assets	2020	2021	2022e	2023e	2024e
<b>Non-current assets</b>	<b>164</b>	<b>162</b>	<b>156</b>	<b>150</b>	<b>146</b>
Goodwill	15.5	15.5	15.5	15.5	15.5
Intangible assets	16.7	13.2	13.3	13.4	13.5
Tangible assets	122	131	125	119	114
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.8	0.5	0.5	0.5	0.5
Other non-current assets	4.0	0.0	0.0	0.0	0.0
Deferred tax assets	4.0	1.7	1.7	1.7	1.7
<b>Current assets</b>	<b>154</b>	<b>225</b>	<b>155</b>	<b>166</b>	<b>175</b>
Inventories	35.4	49.8	62.2	63.3	60.1
Other current assets	9.4	8.0	8.0	8.0	8.0
Receivables	51.1	65.5	69.7	68.6	67.9
Cash and equivalents	57.9	101	14.9	26.4	38.6
<b>Balance sheet total</b>	<b>317</b>	<b>387</b>	<b>311</b>	<b>316</b>	<b>320</b>

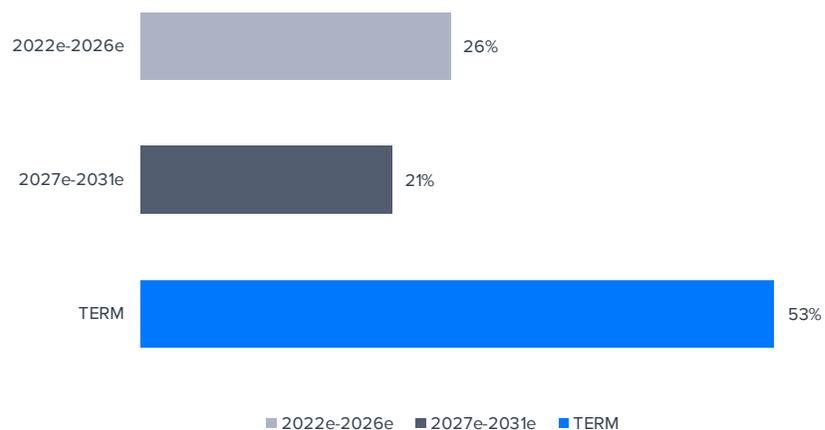
Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
<b>Equity</b>	<b>146</b>	<b>163</b>	<b>148</b>	<b>161</b>	<b>172</b>
Share capital	11.9	11.9	11.9	11.9	11.9
Retained earnings	42.0	56.5	40.9	54.6	65.6
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	92.1	94.8	94.8	94.8	94.8
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>114</b>	<b>78.8</b>	<b>89.7</b>	<b>82.4</b>	<b>76.5</b>
Deferred tax liabilities	13.3	13.9	13.9	13.9	13.9
Provisions	1.8	1.9	1.9	1.9	1.9
Long term debt	97.8	62.3	73.2	66.0	60.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.8	0.7	0.7	0.7	0.7
<b>Current liabilities</b>	<b>57.8</b>	<b>145</b>	<b>73.6</b>	<b>72.3</b>	<b>71.0</b>
Short term debt	2.5	86.8	5.7	5.7	5.0
Payables	54.6	57.2	67.2	66.0	65.3
Other current liabilities	0.7	0.7	0.7	0.7	0.7
<b>Balance sheet total</b>	<b>317</b>	<b>387</b>	<b>311</b>	<b>316</b>	<b>320</b>

# DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
Revenue growth-%	-3.4 %	12.3 %	6.0 %	-1.0 %	1.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	2.0 %	2.0 %
EBIT-%	6.1 %	-0.4 %	4.0 %	4.8 %	4.2 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %
<b>EBIT (operating profit)</b>	<b>26.9</b>	<b>-2.2</b>	<b>21.0</b>	<b>25.1</b>	<b>22.4</b>	<b>27.2</b>	<b>28.0</b>	<b>28.8</b>	<b>29.7</b>	<b>30.6</b>	<b>31.2</b>	
+ Depreciation	20.1	19.2	21.2	21.4	21.7	20.7	20.0	20.0	20.0	20.0	19.8	
- Paid taxes	-2.8	-1.1	-4.6	-5.6	-5.0	-6.5	-6.3	-6.6	-6.8	-7.0	-7.2	
- Tax, financial expenses	-0.1	0.3	-0.6	-0.6	-0.6	-0.3	-0.7	-0.7	-0.7	-0.7	-0.7	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-24.7	-6.6	-1.2	3.3	2.0	-1.8	-1.9	-1.9	-2.0	-2.0	-1.4	
<b>Operating cash flow</b>	<b>19.4</b>	<b>9.6</b>	<b>35.7</b>	<b>43.5</b>	<b>40.5</b>	<b>39.2</b>	<b>39.1</b>	<b>39.7</b>	<b>40.3</b>	<b>40.9</b>	<b>41.8</b>	
+ 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	-21.0	-13.1	-15.1	-17.1	-19.1	-20.1	-20.1	-20.1	-20.1	-20.4	-22.4	
<b>Free operating cash flow</b>	<b>-1.6</b>	<b>-3.5</b>	<b>20.6</b>	<b>26.4</b>	<b>21.4</b>	<b>19.1</b>	<b>19.0</b>	<b>19.6</b>	<b>20.2</b>	<b>20.5</b>	<b>19.4</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-1.6	-3.5	20.6	26.4	21.4	19.1	19.0	19.6	20.2	20.5	19.4	296
<b>Discounted FCFF</b>		<b>-3.4</b>	<b>18.7</b>	<b>22.0</b>	<b>16.4</b>	<b>13.5</b>	<b>12.3</b>	<b>11.7</b>	<b>11.1</b>	<b>10.3</b>	<b>9.0</b>	<b>137</b>
Sum of FCFF present value		259	262	244	222	205	192	179	168	157	146	137
<b>Enterprise value DCF</b>		<b>259</b>										
- Interesting bearing debt		-149.1										
+ Cash and cash equivalents		101										
-Minorities		0.0										
-Dividend/capital return		-11.5										
<b>Equity value DCF</b>		<b>200</b>										
<b>Equity value DCF per share</b>		<b>3.47</b>										

Cash flow distribution



## Wacc

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

Source: Inderes

# Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	411.4	458.9	443.2	<b>497.9</b>	<b>527.7</b>	EPS (reported)	0.00	0.52	0.36	<b>-0.07</b>	<b>0.24</b>
EBITDA	33.7	60.9	47.0	<b>17.0</b>	<b>42.2</b>	EPS (adj.)	0.00	0.52	0.31	<b>-0.07</b>	<b>0.24</b>
EBIT	8.1	39.5	26.9	<b>-2.2</b>	<b>21.0</b>	OCF / share	0.58	0.96	0.34	<b>0.17</b>	<b>0.62</b>
PTP	2.1	33.9	26.6	<b>-3.1</b>	<b>18.3</b>	FCF / share	0.37	0.88	-0.03	<b>-0.06</b>	<b>0.36</b>
Net Income	0.2	30.1	20.7	<b>-4.2</b>	<b>13.7</b>	Book value / share	2.31	2.54	2.84	<b>2.57</b>	<b>2.81</b>
Extraordinary items	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	Dividend / share	0.05	0.20	0.20	<b>0.00</b>	<b>0.10</b>
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	310.1	317.4	386.7	<b>310.8</b>	<b>316.1</b>	Revenue growth-%	-5 %	12 %	-3 %	<b>12 %</b>	<b>6 %</b>
Equity capital	132.5	145.9	163.2	<b>147.5</b>	<b>161.2</b>	EBITDA growth-%	31 %	81 %	-23 %	<b>-64 %</b>	<b>148 %</b>
Goodwill	15.5	15.5	15.5	<b>15.5</b>	<b>15.5</b>	EBIT (adj.) growth-%	77 %	386 %	-32 %	<b>-108 %</b>	<b>-1039 %</b>
Net debt	71.4	42.4	47.8	<b>63.9</b>	<b>45.3</b>	EPS (adj.) growth-%	-113 %	13345 %	-41 %	<b>-124 %</b>	<b>-426 %</b>
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	8.2 %	13.3 %	10.6 %	<b>3.4 %</b>	<b>8.0 %</b>
EBITDA	33.7	60.9	47.0	<b>17.0</b>	<b>42.2</b>	EBIT (adj.)-%	2.0 %	8.6 %	6.1 %	<b>-0.4 %</b>	<b>4.0 %</b>
Change in working capital	2.3	0.3	-24.7	<b>-6.6</b>	<b>-1.2</b>	EBIT-%	2.0 %	8.6 %	6.1 %	<b>-0.4 %</b>	<b>4.0 %</b>
Operating cash flow	33.5	55.4	19.4	<b>9.6</b>	<b>35.7</b>	ROE-%	0.2 %	21.6 %	13.4 %	<b>-2.7 %</b>	<b>8.9 %</b>
CAPEX	-29.8	-5.0	-21.0	<b>-13.1</b>	<b>-15.1</b>	ROI-%	3.4 %	16.2 %	9.7 %	<b>-0.8 %</b>	<b>9.1 %</b>
Free cash flow	21.2	50.5	-1.6	<b>-3.5</b>	<b>20.6</b>	Equity ratio	42.7 %	46.0 %	42.2 %	<b>47.5 %</b>	<b>51.0 %</b>
						Gearing	53.9 %	29.1 %	29.3 %	<b>43.3 %</b>	<b>28.1 %</b>

Source: Inderes

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Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Date	Recommendation	Target price	Share price
27.4..2018	Reduce	3.50 €	3.55 €
04-07-18	Reduce	3.50 €	3.40 €
06-08-18	Reduce	3.30 €	3.40 €
14-09-18	Sell	2.85 €	3.10 €
26-10-18	Reduce	2.20 €	2.30 €
01-02-18	Reduce	2.40 €	2.50 €
25-04-19	Reduce	2.50 €	2.60 €
08-08-19	Reduce	2.40 €	2.48 €
23-10-19	Reduce	2.25 €	2.33 €
30-01-20	Reduce	2.35 €	2.48 €
24-04-20	Accumulate	3.25 €	3.02 €
13-05-20	Accumulate	3.40 €	3.17 €
18-06-20	Accumulate	4.00 €	3.69 €
13-08-20	Accumulate	5.40 €	5.00 €
28-10-20	Accumulate	5.40 €	5.06 €
05-02-21	Accumulate	6.00 €	5.74 €
29-04-21	Accumulate	6.25 €	5.87 €
24-06-21	Accumulate	6.25 €	5.45 €
16-08-21	Accumulate	5.60 €	5.27 €
29-10-21	Accumulate	5.25 €	4.72 €
04-02-22	Reduce	4.50 €	4.33 €
05-05-22	Reduce	3.30 €	3.12 €
15-07-22	Reduce	3.30 €	3.12 €
10-08-22	Reduce	3.30 €	3.18 €
	Analyst change		
27-10-22	Accumulate	3.00 €	2.48 €



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