

NYAB

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Markkinassa alustavia piristymisen merkkejä” published on 2/29/2024 at 8:15 am EET.

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Preliminary signs of recovery in the market

We reiterate NYAB's target price of EUR 0.45 and Reduce recommendation. The company's Q4 results were operationally well in line with our forecasts. We also believe that this year's guidance, which is non-numerical, is pretty much in line with our expectations, although it leaves a lot of room for interpretation with the current data. In view of the report, which was largely in line with our expectations, and the cautiously positive market commentary, we have made only minor revisions to our forecasts for the coming years and expect the company's revenue and EBIT to increase significantly in the current year. However, given the elevated valuation for the current year as a whole, we continue to view the expected risk-adjusted return as inadequate.

Q4 results in line with expectations, dividend proposal well above our expectations

NYAB's Q4 revenue of 87.8 MEUR was roughly flat year-on-year and slightly above our forecast. Geographically, growth in Finland remained strong (+36%), while revenue in Sweden declined by 12%, with headwinds from the weakening of the Swedish krona and the postponement of a project. EBITA, adjusted for higher-than-expected PPA write-offs, was 7.6 MEUR, practically in line with our guidance. On the lower end, however, financial expenses and the loss from associated companies were slightly higher than expected, while the tax rate was significantly higher. As a result, net income missed our forecast by more than reported EBIT. Accordingly, the board proposes a capital repayment of EUR 0.014 per share (EUR 0.008 for the ordinary distribution and EUR 0.006 for the extraordinary distribution), which was well above our expectations.

Guidance is quite broad, but there is little change in forecasts

The company provided guidance for the current year and expects its revenue (2023: MEUR 280) and EBIT (2023: 15.2 MEUR) to grow from last year. As things stand, there is quite a lot of room for interpretation of the limits in the non-numerical guidance and we consider the guidance to be rather broad at this stage. However, based on this year's order book (198 MEUR, +11% vs. Q4'22) and our interpretation of the company's comments, we expect double-digit growth and increasing margins. Reflecting this and cautiously positive market comments, we made only very small changes to our forecasts for the coming years. We now forecast revenue to grow by 17% to 328 MEUR (prev. 325 MEUR) and reported EBIT to be 20.8 MEUR (unchanged) this year. We expect growth to continue at a strong pace in 2025-2026 (9-13%) and reported EBIT margins to be on an upward trajectory (2024e-26e): 6.6-7.3%.

Valuation is high for the current year, but will level off in the coming years if earnings growth materializes

We forecast an adjusted 2024 P/E ratio of 22x and a corresponding EV/EBIT ratio of 15x. As a result, looking at this year, we believe there is room for downward revisions to earnings-based multiples relative to our valuation range. (P/E: 13-17x, EV/EBIT 12-16x). In contrast, if earnings growth materializes as we forecast, the multiples fall to neutral levels next year (2025e EV/EBIT 13x, P/E 16x). This is also reflected in our estimated medium-term expected total returns, which are positive on average but still below our required rate of return, despite higher dividend forecasts for the coming years. The challenge of short-term valuation is also indicated by our sum-of-the-parts model, which now stands at EUR 0.41-0.51 per share (previously EUR 0.41-0.50). At the current price level, we believe that the stock is quite fully priced in the short term, which means that the risk-adjusted expected return over the next 12 months remains weak.

Recommendation

Reduce

(previous Reduce)

EUR 0.45

(previous EUR 0.45)

Share price:

0.50



Key figures

	2023	2024e	2025e	2026e
Revenue	280.4	328.4	371.1	404.5
growth-%	11%	17%	13%	9%
EBIT adj.	17.8	21.8	25.8	29.6
EBIT-% adj.	6.4 %	6.6 %	6.9 %	7.3 %
Net Income	9.0	15.2	21.0	23.6
EPS (adj.)	0.02	0.02	0.03	0.03
P/E (adj.)	29.5	21.9	16.4	14.8
P/B	2.1	1.9	1.7	1.6
Dividend yield-%	2.5 %	2.2 %	3.0 %	3.4 %
EV/EBIT (adj.)	20.7	15.4	12.6	10.7
EV/EBITDA	17.2	13.2	11.1	9.5
EV/S	1.3	1.0	0.9	0.8

Source: Inderes

Guidance

(New guidance)

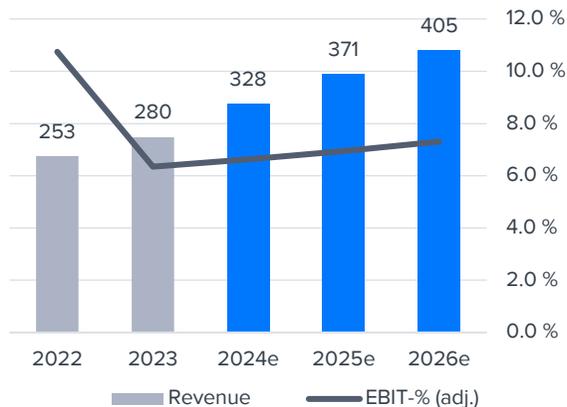
In 2024, NYAB expects its revenue (2023: 280 MEUR) and operating profit (2023: 15.2 MEUR) to grow from 2023.

Share price



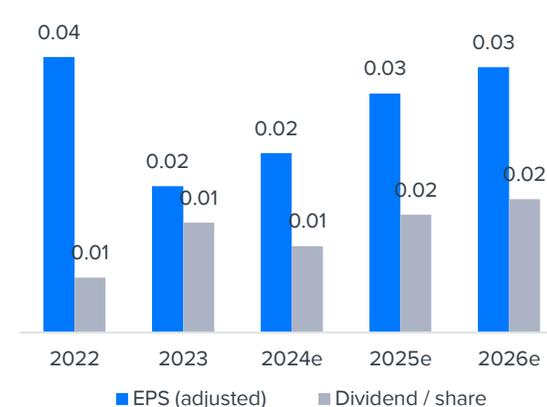
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Continued growth and higher profitability than competitors
- Strong market position in target markets, especially in the Norrbotten region
- The company is well positioned in the green transition and urbanization it offers, with promising growth prospects well into the future
- Focus on less cyclical and counter-cyclical construction sectors
- Sustainable improvement in the profitability of Finnish businesses
- Potential of the renewable energy project development joint venture, Skarta Energy (including sale of ownership)
- Acquisitions that create value



Risk factors

- Fluctuations in demand in the construction market and general economic developments
- Pricing and project risks
- Tighter competition
- Personnel risks
- EUR/SEK currency pair (+/-) may swing reported figures
- Failure in acquisitions

Valuation	2024e	2025e	2026e
Share price	0.50	0.50	0.50
Number of shares, millions	706.7	706.7	706.7
Market cap	353	353	353
EV	334	325	316
P/E (adj.)	21.9	16.4	14.8
P/E	23.2	16.8	15.0
P/B	1.9	1.7	1.6
P/S	1.1	1.0	0.9
EV/Sales	1.0	0.9	0.8
EV/EBITDA	13.2	11.1	9.5
EV/EBIT (adj.)	15.4	12.6	10.7
Payout ratio (%)	51.1%	50.5%	51.0%
Dividend yield-%	2.2%	3.0%	3.4%

Source: Inderes

Q4 results in line with expectations, very strong cash flow

Revenue around forecast level

NYAB's Q4 revenue of 87.8 MEUR was roughly flat year-on-year and slightly above our forecast. Geographically, the Finnish businesses continued to grow strongly (+36%), while reported revenue in Sweden decreased by 12%, burdened by the weakening of the Swedish krona (-3.1 MEUR). At constant exchange rates, the company's growth would have been just over 1%. In addition, the weather-related postponement of projects, as announced in the profit warning, had a negative impact on revenue.

The company says it has seen an improvement in market conditions since Q4 and is seeing strong demand in all of its sectors, although there is still uncertainty about the timing and execution of final investments in some projects. The company's order book rose to 295 MEUR at the end of the year (Q4'22: 240 MEUR) as a result of increased demand and two large projects (Aurora Line, Utajärvi Solar Park) We therefore expect the current order book to provide visibility for both this year and, to some extent, next year.

Operating result also in line with expectations

The company's EBITA adjusted for higher-than-expected PPA depreciation was 7.6 MEUR in Q4, practically in line with our expectations. Accordingly, the company's profit level decreased year-on-year, as expected, reflecting the 14.7 MEUR gain from the sale of Skarta Energy in the comparison period. Adjusted for this, however, the company's operating profitability improved year-on-year, which we believe was driven by the continued profitability turnaround, especially in the Finnish businesses. The company's reported EBIT was slightly below our expectations due to higher PPA write-offs.

At the bottom of the income statement, the share of loss of associates (Skarta Energy) and financial expenses were slightly higher than expected. As we understand it, financing costs were increased by 0.7 MEUR in Q4 due to costs related to the re-domiciliation and transfer of the listing. In contrast, taxes were well above our expectations and, in this context, net income was well below our EBIT forecast (EPS comparisons are not meaningful due to the large number of shares).

The board proposes a capital repayment of EUR 0.014 per share (EUR 0.008 for the ordinary distribution and EUR 0.006 for the extraordinary distribution), which was well above our expectations. However, the company's strong balance sheet and financial position make this easy.

Cash flow at abundant levels in 2023

NYAB's cash flow from operating activities was at a very strong level of 24.1 MEUR, reflecting the change in working capital (8.2 MEUR) and the settlement of the dispute between NYAB and the City of Mikkeli (9.2 MEUR). We believe that the postponement of projects for the remainder of the year also contributed to this development. Free cash flow was also strong at 21.4 MEUR, reflecting the cash flow from operating activities and moderate capital expenditure requirements (including the payment of lease liabilities), as well as low fixed asset disposals. Thus, NYAB's balance sheet position was very strong with an equity ratio of 73% (Q4'23: 70%) and the company was also on the net cash side (5.6 MEUR). As a result, the company's financial position is very solid, allowing it to implement its growth strategy and distribute additional funds.

Estimates	Q4'22	Q4'23	Q4'23e	Q4'23e	Consensus		Difference (%)	2023
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Actualized
MEUR / EUR								
Revenue	89.8	87.8	85.3				3%	280
EBITA	19.7	7.6	7.5				2%	17.8
EBIT	19.2	6.6	7.0				-5%	15.2
PTP	19.3	4.8	5.6				-14%	10.7
Net income	19.3	3.6	5.0				-29%	9.0
DPS	0.007	0.014	0.006				133%	0.014
Revenue growth-%		-2.1 %	-5.0 %				2.9 pp	10.7 %
EBIT-% (rep.)	21.4 %	7.5 %	8.2 %				-0.6 pp	5.4 %

Source: Inderes

NYAB Q4'23: The foundation is built



Guidance rather broad, forecast changes limited

Estimate revisions 2024e-2025e

- In its guidance, NYAB expects its revenue for the current year (2023: MEUR 280) and EBIT (2023: 15.2 MEUR) to grow from last year. As things stand, there is quite a lot of room for interpretation of the limits in the non-numerical guidance and we consider the guidance to be rather broad. However, based on this year's order book (198 MEUR, +11% vs. Q4'22) and our interpretation of the company's comments, we expect double-digit growth and increasing margins.
- Given the report, which was in line with our expectations, and the guidance, which was roughly in line with our expectations, we have made only minor changes to our forecasts for the coming years. According to the company, the market situation has shown signs of recovery in all of its markets since Q4, although there is still uncertainty about the timing and execution of certain investments (particularly wind power, in our estimate). Overall, we expect growth to remain strong and profitability to improve significantly over last year as volumes increase and the worst of inflationary pressures abate. We also expect the reported figures to be supported by the strengthening of SEK. Similarly, we made small adjustments to the lower lines, but in absolute terms the net changes were very small.
- In light of this year's dividend proposal, we have also significantly increased our dividend forecasts for the coming years, as the company's strong financial position, good cash flow profile and low investment needs (excluding possible/likely acquisitions) allow us to continue to see a more generous dividend payout than the target level (above 35% of net income) in the coming years.

Operational earnings drivers 2023-2025e:

- NYAB's order book stood at 295 MEUR at the end of Q4, which already gives the company partial visibility into next year following the large multi-year contracts announced in Q4 (Aurora Line 89 MEUR, Utajärvi Solar Park 69 MEUR). Despite possible delays in investment decisions, demand prospects are good in the longer term, with investments requiring a green transition
- Strengthening the contract portfolio with several multi-year contracts (incl. framework and maintenance contracts) would improve business predictability and reduce the impact of macroeconomic factors on sales
- We expect the easing of the worst inflationary pressures (i.e. as the order book rolls over) to support the company's profitability performance.
- Sustainable profitability improvement in Finnish businesses closer to the level of the Swedish business
- Skarta Energy project development progress (including any development fees) or sale of ownership
- The company's strong balance sheet enables acquisitions to support growth already in the short term

Estimate revisions	2023	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	278	280	1%	325	328	1%	367	371	1%
EBITDA	21.2	21.4	1%	25.3	25.4	0%	29.6	29.3	-1%
EBIT (exc. NRIs)	17.6	17.8	1%	21.7	21.8	0%	25.8	25.8	0%
EBIT	15.5	15.2	-2%	20.8	20.8	0%	25.3	25.2	0%
PTP	11.5	10.7	-7%	17.0	16.9	0%	23.4	23.4	0%
EPS (excl. NRIs)	0.02	0.02	-1%	0.02	0.02	-5%	0.03	0.03	0%
DPS	0.006	0.014	133%	0.008	0.011	38%	0.011	0.015	36%

Source: Inderes

The valuation picture will level off in the coming years

Valuation methods

In particular, we approach the valuation of NYAB using absolute valuation multiples and the sum-of-the-parts calculation, as this takes into account the longer-term potential of Skarta Energy. However, it's worth noting that with Skarta Energy still in its start-up phase, there is considerable uncertainty in both directions about its future development.

Absolute valuation and expected return in the coming years

We forecast an adjusted 2024 P/E ratio of 22x and a corresponding EV/EBIT ratio of 15x. Thus, looking at this year, we believe there is room for downside in earnings-based multiples relative to the valuation range we have adopted (P/E: 13-17x, EV/EBIT 12-16x). In our view, there is also no justification to value the stock at the upper end of the range until the outlook (incl. the earnings potential) becomes clearer. In contrast, if earnings growth materializes as we forecast, the multiples fall to neutral levels next year (2025e EV/EBIT 13x, P/E 16x).

We have also looked at valuation through total expected returns for the coming years. In our view, NYAB's businesses could be valued at 12x-15x EV/EBIT and around 13x-16x P/E at the end of 2026 on our current forecasts, assuming the company meets our expectations, and its strongest growth phase is already behind it. The multiples would still be well above the current and historical median of peer companies and the valuation would require NYAB to maintain a profitability well above the industry average, with no substantial change in the overall pricing of the stock market or the interest rate level. Based on this, we estimate that the current business

could be valued at roughly EUR 0.44-0.66 per share at the end of 2026. However, at the current share price, the average expected annual return would only be around 3%. In addition, we expect the investor to receive a base return of 2-3% dividend yield, but even this does not raise the average annual expected total return above the 9.7% return on equity we use. On the one hand, earnings expectations may be supported by Skarta Energy's positive development (incl. ownership restructuring), but overall, we believe that the current share price is already pricing in higher earnings growth than we expect (incl. an increase in the acceptable valuation).

SOTP down with revised estimates

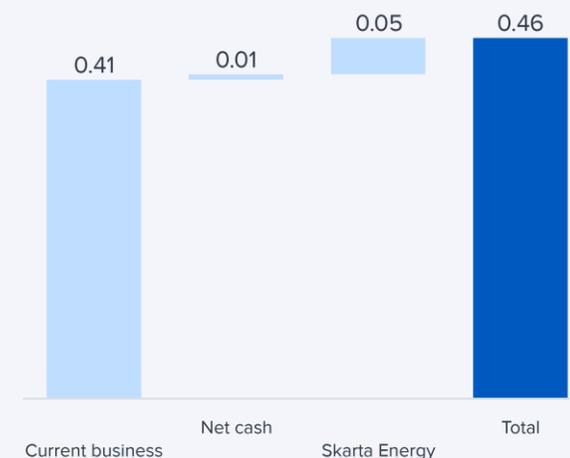
In turn, the indicative value of our sum-of-the-parts calculation (detailed parameters presented [in our extensive report](#)) is now set at 292-360 MEUR in our baseline scenario. This corresponds to a value of EUR 0.41-0.51 per share (was EUR 0.41-0.50). Even from this angle, we do not see any upside potential in the short term. Our view on the full valuation of the stock is also supported by our DCF model, which currently stands at EUR 0.47 per share. However, our model does not fully take into account the long-term potential of Skarta Energy (value in the model is 14.4 MEUR).

However, we believe the company has the potential to accelerate its growth through acquisitions, but it is too early to comment on the value creation potential of these. In our view, at the current share price, the risk-adjusted expected return remains insufficient for the next 12 months, despite the favorable longer-term growth outlook.

Valuation	2024e	2025e	2026e
Share price	0.50	0.50	0.50
Number of shares, millions	706.7	706.7	706.7
Market cap	353	353	353
EV	334	325	316
P/E (adj.)	21.9	16.4	14.8
P/E	23.2	16.8	15.0
P/B	1.9	1.7	1.6
P/S	1.1	1.0	0.9
EV/Sales	1.0	0.9	0.8
EV/EBITDA	13.2	11.1	9.5
EV/EBIT (adj.)	15.4	12.6	10.7
Payout ratio (%)	51.1 %	50.5 %	51.0 %
Dividend yield-%	2.2 %	3.0 %	3.4 %

Source: Inderes

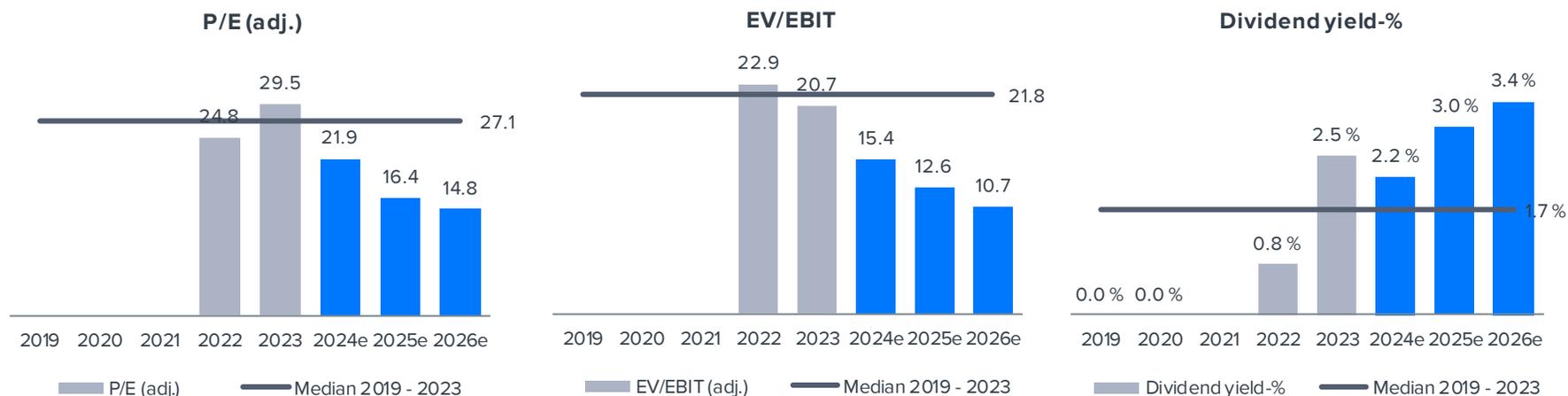
Midpoint of the baseline scenario SOTP (EUR per share)



Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price				0.87	0.55	0.50	0.50	0.50	0.50
Number of shares, millions				706.7	706.7	706.7	706.7	706.7	706.7
Market cap				615	389	353	353	353	353
EV				622	369	334	325	316	307
P/E (adj.)				24.8	29.5	21.9	16.4	14.8	14.2
P/E				26.4	43.0	23.2	16.8	15.0	14.3
P/B				3.4	2.1	1.9	1.7	1.6	1.5
P/S				2.4	1.4	1.1	1.0	0.9	0.8
EV/Sales				2.5	1.3	1.0	0.9	0.8	0.7
EV/EBITDA				20.5	17.2	13.2	11.1	9.5	8.6
EV/EBIT (adj.)				22.9	20.7	15.4	12.6	10.7	9.6
Payout ratio (%)				21.2 %	109.3 %	51.1 %	50.5 %	51.0 %	51.6 %
Dividend yield-%				0.8 %	2.5 %	2.2 %	3.0 %	3.4 %	3.6 %

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
Peab	1520	3057	16.8	16.1	9.7	9.4	0.6	0.6	12.3	11.5	3.9	4.9	1.1
NCC	1221	1587	10.2	10.2	6.0	6.0	0.3	0.3	9.6	9.7	5.3	5.6	1.6
Skanska	7086	6422	10.5	9.4	7.7	7.0	0.4	0.4	12.9	11.8	3.9	4.2	1.3
YIT	342	1311	32.6	19.6	19.7	14.0	0.7	0.7		22.5		0.6	0.4
AF Gruppen	1182	1347	10.7	9.5	7.5	6.8	0.5	0.5	13.2	11.7	6.3	6.3	3.9
NRC Group	70	157	9.7	7.5	4.6	4.0	0.3	0.2	8.9	5.8	4.6	10.2	0.3
Veidekke	1272	1059	8.0	7.5	4.7	4.5	0.3	0.3	13.0	12.2	7.5	7.9	4.6
MT Hoejgaard Holding	176	126	2.2	2.5	1.6	1.7	0.1	0.1	4.3	4.7			1.1
Kreate	66	83	8.3	7.5	5.2	4.6	0.3	0.3	11.6	9.3	6.7	6.8	1.5
Sitowise	95	183	11.5	8.7	6.7	5.7	0.9	0.8	10.4	7.2	4.5	5.1	0.8
Sweco	3510	4006	16.0	14.1	11.5	10.5	1.5	1.4	18.9	16.5	2.8	3.2	3.5
AFRY	1649	2071	11.5	10.2	7.7	7.1	0.8	0.8	13.2	11.3	3.8	4.3	1.4
Enersense	66	105	9.6	6.9	5.0	4.2	0.3	0.3	39.8	15.3	3.0	3.0	1.2
Eltel	101	233	11.7	9.3	4.1	3.9	0.3	0.3	32.2	16.1			0.5
Dovre Group	43	36	5.2	4.6	4.6	4.6	0.2	0.2	13.5	10.1	2.5	2.5	1.0
Netel	55	109	5.6	4.8	4.1	3.7	0.3	0.3	5.1	3.9	6.6	8.9	0.5
NYAB (Inderes)	353	334	15.4	12.6	13.2	11.1	1.0	0.9	21.9	16.4	2.2	3.0	1.9
Average			11.3	9.3	6.9	6.1	0.5	0.5	14.6	11.2	4.7	5.3	1.5
Median			10.3	9.0	5.6	5.2	0.3	0.3	12.9	11.4	4.5	5.0	1.2
Diff-% to median			48%	40%	136%	115%	218%	183%	69%	44%	-51%	-40%	60%

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	253	39.2	65.3	88.1	87.8	280	46.6	77.7	102	102	328	371	405	433
Konserni	253	39.2	65.3	88.1	87.8	280	46.6	77.7	102	102	328	371	405	433
EBITDA	30.4	-0.6	5.4	8.0	8.6	21.4	-0.3	4.2	10.9	10.5	25.4	29.3	33.4	35.7
Depreciation	-4.6	-1.4	-1.4	-1.4	-2.0	-6.2	-1.4	-1.0	-1.0	-1.0	-4.5	-4.1	-4.1	-4.1
EBIT (excl. NRI)	27.2	-1.5	4.6	7.1	7.6	17.8	-1.2	3.3	10.0	9.6	21.8	25.8	29.6	31.8
EBIT	25.7	-2.1	4.0	6.6	6.6	15.2	-1.7	3.2	9.9	9.5	20.8	25.2	29.3	31.5
Konserni	25.7	-2.1	4.0	6.6	6.6	15.2	-1.7	3.2	9.9	9.5	20.8	25.2	29.3	31.5
Share of profits in assoc. compan.	0.0	-0.2	-0.4	-0.4	-0.7	-1.8	-0.7	-0.5	-0.3	-0.2	-1.5	-0.6	-0.3	0.4
Net financial items	-0.4	-0.3	-0.4	-0.9	-1.1	-2.7	-1.0	-0.7	-0.4	-0.3	-2.4	-1.3	-1.2	-1.1
PTP	25.3	-2.6	3.3	5.2	4.8	10.7	-3.4	2.1	9.2	9.0	16.9	23.4	27.8	30.9
Taxes	-2.0	-0.3	0.5	-0.6	-1.2	-1.6	0.5	-0.2	-0.9	-1.1	-1.7	-2.4	-4.2	-6.2
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
Net earnings	23.3	-2.8	3.7	4.6	3.6	9.0	-2.9	1.9	8.3	7.9	15.2	21.0	23.6	24.6
EPS (adj.)	0.04	0.00	0.01	0.01	0.01	0.02	0.00	0.00	0.01	0.01	0.02	0.03	0.03	0.04
EPS (rep.)	0.03	0.00	0.01	0.01	0.01	0.01	0.00	0.00	0.01	0.01	0.02	0.03	0.03	0.03
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-%						10.7 %	19.0 %	19.0 %	16.0 %	16.0 %	17.1 %	13.0 %	9.0 %	7.0 %
Adjusted EBIT growth-%	74.3 %	79.1 %	72.1 %	25.4 %	-61.2 %	-34.5 %	-21.1 %	-26.7 %	40.4 %	25.4 %	22.1 %	18.5 %	14.7 %	7.7 %
EBITDA-%	12.0 %	-1.7 %	8.3 %	9.1 %	9.8 %	7.6 %	-0.7 %	5.5 %	10.7 %	10.3 %	7.7 %	7.9 %	8.2 %	8.2 %
Adjusted EBIT-%	10.7 %	-3.9 %	7.0 %	8.1 %	8.7 %	6.4 %	-2.6 %	4.3 %	9.8 %	9.4 %	6.6 %	6.9 %	7.3 %	7.4 %
Net earnings-%	9.2 %	-7.2 %	5.7 %	5.2 %	4.1 %	3.2 %	-6.2 %	2.4 %	8.1 %	7.8 %	4.6 %	5.7 %	5.8 %	5.7 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	160	158	158	158	159
Goodwill	121	121	121	121	121
Intangible assets	3.8	1.6	0.8	0.5	0.4
Tangible assets	17.7	16.3	16.9	17.5	18.0
Associated companies	11.1	16.7	16.7	16.7	16.7
Other investments	5.6	2.5	2.5	2.5	2.5
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.5	0.0	0.0	0.0	0.0
Current assets	99.1	108	121	143	162
Inventories	2.3	1.4	2.3	2.6	2.8
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	83.0	83.8	98.5	111	121
Cash and equivalents	13.8	22.6	19.9	28.7	38.0
Balance sheet total	259	266	279	301	321

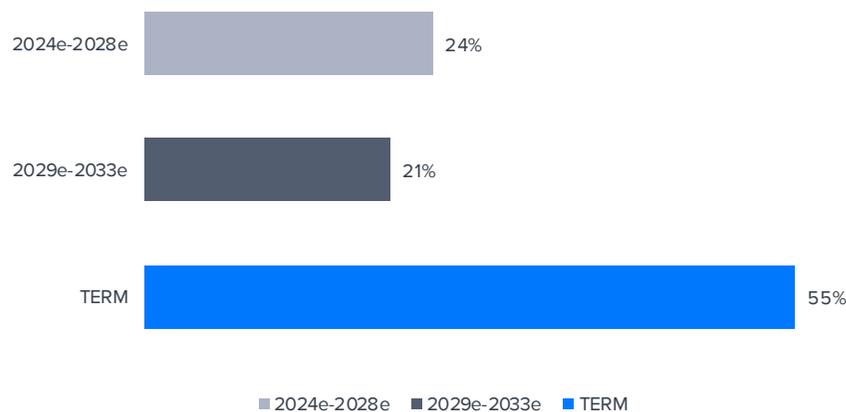
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	180	185	191	204	217
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	40.3	50.1	55.4	68.6	81.6
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	140	135	135	135	135
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	17.2	15.7	14.2	14.2	14.2
Deferred tax liabilities	4.4	3.9	3.9	3.9	3.9
Provisions	0.1	0.2	0.2	0.2	0.2
Interest bearing debt	12.6	11.5	10.0	10.0	10.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.1	0.1	0.1	0.1	0.1
Current liabilities	61.5	65.0	74.0	82.9	89.9
Interest bearing debt	8.2	5.5	5.0	5.0	5.0
Payables	53.3	59.5	69.0	77.9	84.9
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	259	266	279	301	321

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	10.7 %	17.1 %	13.0 %	9.0 %	7.0 %	6.0 %	5.0 %	4.0 %	3.0 %	3.0 %	2.0 %	2.0 %
EBIT-%	5.4 %	6.3 %	6.8 %	7.2 %	7.3 %	7.1 %	6.9 %	6.7 %	6.5 %	6.5 %	6.5 %	6.5 %
EBIT (operating profit)	15.2	20.8	25.2	29.3	31.5	32.6	33.2	33.5	33.5	34.5	35.2	
+ Depreciation	6.2	4.5	4.1	4.1	4.1	4.2	4.3	4.4	4.5	4.6	4.7	
- Paid taxes	-1.6	-1.7	-2.4	-4.2	-6.2	-6.4	-6.6	-6.6	-6.6	-6.8	-7.0	
- Tax, financial expenses	-0.4	-0.2	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	6.4	-6.3	-4.1	-3.2	-2.7	-2.5	-2.2	-1.9	-1.5	-1.5	-1.0	
Operating cash flow	25.8	17.2	22.6	25.7	26.5	27.6	28.6	29.2	29.8	30.6	31.7	
+ Change in other long-term liabilities	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	1	-4.3	-4.4	-4.5	-4.6	-4.7	-4.8	-4.9	-5.0	-5.0	-5.0	
Free operating cash flow	27	12.9	18.2	21.2	21.9	22.9	23.8	24.3	24.8	25.6	26.7	
+/- Other	5.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	32.2	12.9	18.2	21.2	21.9	22.9	23.8	24.3	24.8	25.6	26.7	393
Discounted FCFF		12.0	15.6	16.7	15.8	15.2	14.4	13.5	12.7	12.0	11.5	169
Sum of FCFF present value		309	297	281	265	249	234	219	206	193	181	169
Enterprise value DCF		309										
- Interest bearing debt		-17.0										
+ Cash and cash equivalents		22.6										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		329										
Equity value DCF per share		0.47										

Cash flow distribution

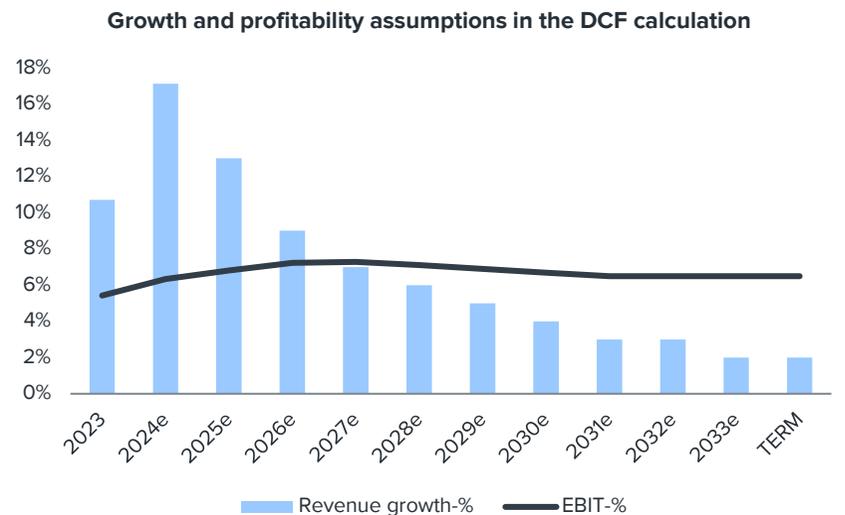
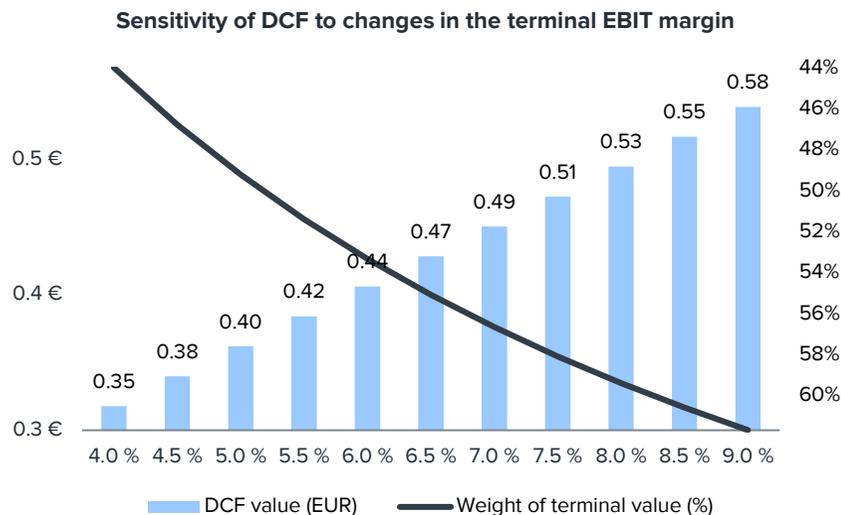
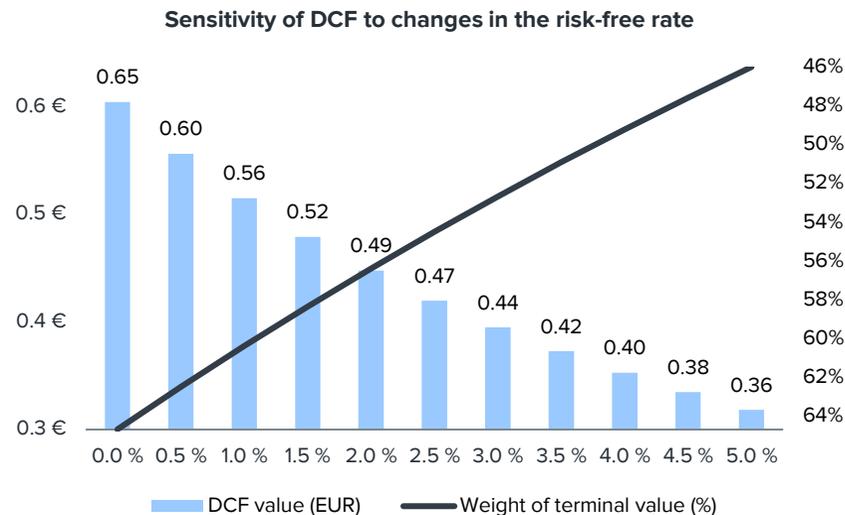
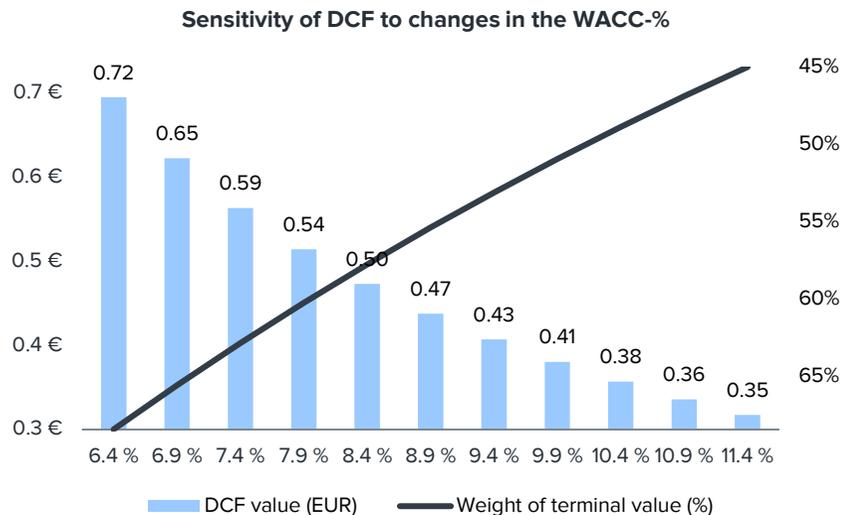


WACC

Tax-% (WACC)	20.5 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	5.0 %
Equity Beta	1.30
Market risk premium	4.75%
Liquidity premium	1.50%
Risk free interest rate	2.5 %
Cost of equity	10.2 %
Weighted average cost of capital (WACC)	8.9 %

Source: Inderes

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	Per share data	2022	2023	2024e	2025e
Revenue	253.3	280.4	328.4	371.1	EPS (reported)	0.03	0.01	0.02	0.03
EBITDA	30.4	21.4	25.4	29.3	EPS (adj.)	0.04	0.02	0.02	0.03
EBIT	25.7	15.2	20.8	25.2	OCF / share	0.02	0.04	0.02	0.03
PTP	25.3	10.7	16.9	23.4	FCF / share	0.08	0.05	0.02	0.03
Net Income	23.3	9.0	15.2	21.0	Book value / share	0.26	0.26	0.27	0.29
Extraordinary items	-1.5	-2.6	-0.9	-0.5	Dividend / share	0.01	0.01	0.01	0.02
Balance sheet	2022	2023	2024e	2025e	Growth and profitability	2022	2023	2024e	2025e
Balance sheet total	259.1	266.1	278.8	301.0	Revenue growth-%	0%	11%	17%	13%
Equity capital	180.4	185.3	190.7	203.9	EBITDA growth-%		-30%	19%	16%
Goodwill	121.2	121.2	121.2	121.2	EBIT (adj.) growth-%		-35%	22%	18%
Net debt	7.0	-5.6	-4.9	-13.7	EPS (adj.) growth-%		-47%	23%	33%
Cash flow	2022	2023	2024e	2025e	EBITDA-%	12.0 %	7.6 %	7.7 %	7.9 %
EBITDA	30.4	21.4	25.4	29.3	EBIT (adj.)-%	10.7 %	6.4 %	6.6 %	6.9 %
Change in working capital	-17.2	6.4	-6.3	-4.1	EBIT-%	10.2 %	5.4 %	6.3 %	6.8 %
Operating cash flow	12.9	25.8	17.2	22.6	ROE-%	22.6 %	4.9 %	8.1 %	10.6 %
CAPEX	-144.7	0.6	-4.3	-4.4	ROI-%	22.2 %	6.6 %	9.5 %	11.6 %
Free cash flow	58.3	32.2	12.9	18.2	Equity ratio	69.6 %	73.0 %	68.4 %	67.7 %
Valuation multiples	2022	2023	2024e	2025e	Gearing	3.9 %	-3.0 %	-2.6 %	-6.7 %
EV/S	2.5	1.3	1.0	0.9					
EV/EBITDA (adj.)	20.5	17.2	13.2	11.1					
EV/EBIT (adj.)	22.9	20.7	15.4	12.6					
P/E (adj.)	24.8	29.5	21.9	16.4					
P/B	3.4	2.1	1.9	1.7					
Dividend-%	0.8 %	2.5 %	2.2 %	3.0 %					

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
4/25/2023	Reduce	0.70 €	0.71 €
5/15/2023	Reduce	0.70 €	0.67 €
7/28/2023	Reduce	0.70 €	0.73 €
8/11/2023	Reduce	0.55 €	0.62 €
8/28/2023	Sell	0.55 €	0.63 €
10/11/2023	Reduce	0.55 €	0.51 €
11/13/2023	Reduce	0.50 €	0.49 €
12/27/2023	Sell	0.45 €	0.56 €
2/26/2024	Reduce	0.45 €	0.49 €
2/29/2024	Reduce	0.45 €	0.50 €



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