

Remedy

Company report

2/19/2024



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✓ Inderes corporate customer

This report is a summary translation of the report “AW2:n myyntiluvut jäivät liian optimistisista oletuksistaamme” published on 2/19/2024 at 8:05 am EET.

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AW2 sales figures fell short of our overly optimistic expectations

Friday's sales figures for Alan Wake 2 show that the game is off to a good start and is Remedy's fastest selling game to date. However, following very positive critical reviews, we expected an even faster start and have now revised our overly optimistic forecasts downwards. We still see Remedy's long-term potential as very attractive and, against this backdrop, we believe the current valuation still supports a cautiously positive view. We reiterate our Accumulate recommendation but lower our target price to EUR 19.0 (previously 21.0 EUR).

We have been too optimistic about the short-term sales performance of Alan Wake 2

On Friday, Remedy [announced](#) that Alan Wake 2 had sold one million copies by the end of December 2023, and 1.3 million copies by the beginning of February 2024. According to Remedy, the game's retail price has remained high, and the game has already recouped a significant portion of its development and marketing costs, after which Epic Games and Remedy will split the net proceeds. Our expectations for the game's early sales were even more optimistic, as we expected the game's very strong reception by critics and players to drive sales even faster. Our previous forecast was that the game would sell 2.5 million copies by the end of Q1'24, and it appears that sales will be about a million copies short. Predicting game sales is difficult, and in addition to being overly optimistic, we have probably underestimated the impact of the lack of physical copies on console sales, as well as the impact of just being in the Epic Games Store on PC. Although sales have been slower than expected, selling more than a million copies in a short period of time is still a good achievement. Especially considering last year's crowded release window for AAA games, and AW2's significantly lower budget than many of the biggest games. Like Remedy, we believe the high quality of the game will support its long sales tail for years to come.

Due to lower royalty assumptions, we now forecast that the company will still be in the red in 2024

Slower-than-expected sales of AW2 significantly lowered our royalty expectations for the game in 2024. We now expect the game to recoup its development and marketing budget (assumption 70 MEUR) around the middle of this year (previously Q1'24) and start generating royalties for Remedy from Q3'24 onwards. Lower royalty assumptions will be strongly reflected in the profitability, and we now expect EBIT for 2024 to be -6.2 MEUR (previously 9.9 MEUR). Remedy's comments on the progress of other projects during H1'24 to the next stages of development were in line with our forecasts.

Long-term potential is attractive at current valuation

Due to the timing of game releases, Remedy's earnings development, and therefore valuation multiples, will continue to fluctuate on an annual basis for a long time in our estimates, and the more consistent strong earnings performance enabled by the multi-project model will not materialize until the 2030s. With our lowered forecasts, 2024 is now a loss and the EV/S ratio (4.2x) is quite high. Averaged over 2025-28, EV/EBIT is 20x and EV/EBITDA is 10x, indicating that the stock is loaded with clear growth expectations. The value of our DCF model, which assumes strong long-term earnings growth, is now EUR 19.2. Naturally, the model is very sensitive to key assumptions, and in Remedy's case, a single game can generate a big surprise in both directions. We believe in Remedy's ability to create more quality and successful games in the long term, and with a current enterprise value of around 200 MEUR, the risk/reward makes us cautiously optimistic. At its current valuation, Remedy would also be a very attractive acquisition target for many parties in an industry consolidation. However, we do not believe a takeover bid is likely in the near term given the company's independent strategy and ownership structure.

Recommendation

Accumulate

(previous Accumulate)

EUR 19.00

(previous EUR 21.00)

Share price:

17.02



Key figures

	2022	2023e	2024e	2025e
Revenue	43.6	33.9	51.1	62.5
growth-%	-3%	-22%	51%	22%
EBIT adj.	-0.6	-28.7	-6.2	2.3
EBIT-% adj.	-1.3 %	-84.6 %	-12.1 %	3.7 %
Net Income	-1.7	-23.0	-4.9	1.8
EPS (adj.)	-0.13	-1.71	-0.36	0.13

P/E (adj.)	neg.	neg.	neg.	>100
P/B	3.3	3.6	4.0	4.0
Dividend yield-%	0.5 %	0.6 %	0.6 %	0.6 %
EV/EBIT (adj.)	neg.	neg.	neg.	93.8
EV/EBITDA	>100	neg.	neg.	25.8
EV/S	5.5	5.9	4.2	3.4

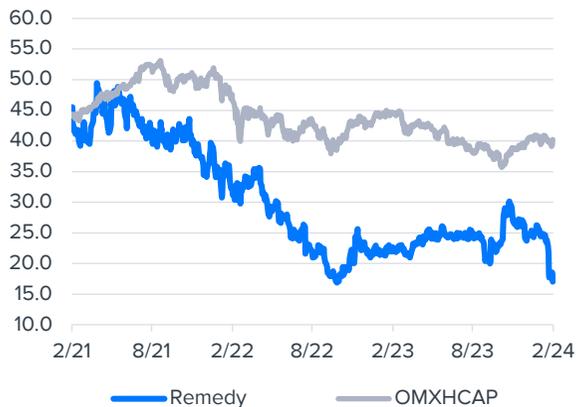
Source: Inderes

Guidance

(Unchanged)

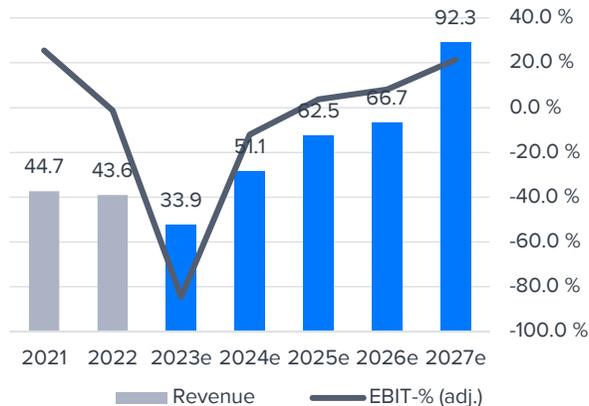
"Based on unaudited preliminary information, Remedy's revenue in 2023 was 33.9 (43.6) MEUR, and EBITDA decreased to -17.0 (1.9) MEUR."

Share price



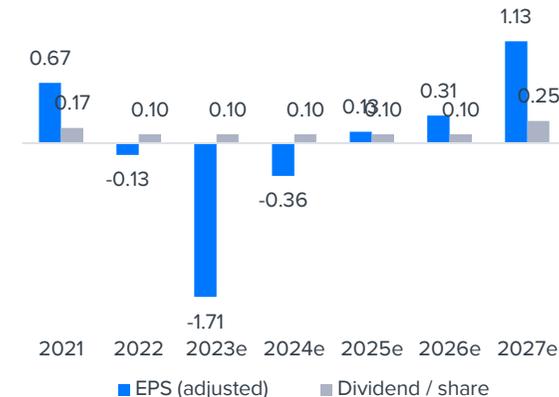
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Alan Wake 2 sales development
- Attractive position in value chain considering industry trends and consolidation
- 4 major game projects in development
- Multi-project model creates continuity and disperses risks
- Strong track record of developing successful games
- Own game engine and game development tools create scalability and a competitive advantage



Risk factors

- Commercial failure of upcoming games
- Game projects being delayed
- Dependency on publishing partners
- Fierce competition for top talent in the gaming industry
- Technology and market trends
- Changes in expectations for future games can cause significant volatility in the stock

Valuation	2023e	2024e	2025e
Share price	17.0	17.0	17.0
Number of shares, millions	13.5	13.6	13.7
Market cap	229	231	232
EV	200	212	215
P/E (adj.)	neg.	neg.	>100
P/E	neg.	neg.	>100
P/B	3.6	4.0	4.0
P/S	6.8	4.5	3.7
EV/Sales	5.9	4.2	3.4
EV/EBITDA	neg.	neg.	25.8
EV/EBIT (adj.)	neg.	neg.	93.8
Payout ratio (%)	neg.	neg.	78.0 %
Dividend yield-%	0.6 %	0.6 %	0.6 %

Source: Inderes

Estimate revisions

- Slower-than-expected sales of AW2 significantly lowered our royalty expectations for the game in 2024. We now expect the game to recoup its development and marketing budget around the middle of this year (previously, Q1'24). Therefore, we expect the game to generate royalties for Remedy from Q3'24 onwards.
- We expect AW2 to continue its good sales performance this year, supported by, among other things, future DLCs.
- We have slightly raised our previously very conservative royalty assumptions for Alan Wake Remastered.
- The lower royalty assumptions are strongly reflected in the 2024 earnings forecast, as with a largely fixed cost structure, royalties effectively go straight to the bottom line.
- Based on the sales development of AW2, we now expect a steadier sales development for Control 2 (release H1'27). This effectively balanced our game royalty assumptions more evenly between 2027 and 2028.

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	33.9	33.9	0%	67.2	51.1	-24%	62.2	62.5	0%
EBITDA	-17.0	-17.0	0%	15.1	-1.0	-107%	8.1	8.3	3%
EBIT (exc. NRIs)	-28.7	-28.7	0%	9.9	-6.2	-162%	2.0	2.3	13%
EBIT	-28.7	-28.7	0%	9.9	-6.2	-162%	2.0	2.3	13%
PTP	-28.3	-28.3	0%	10.0	-6.1	-161%	1.9	2.2	13%
EPS (excl. NRIs)	-1.71	-1.71	0%	0.59	-0.36	-161%	0.11	0.13	13%
DPS	0.10	0.10	0%	0.10	0.10	0%	0.10	0.10	0%

Source: Inderes

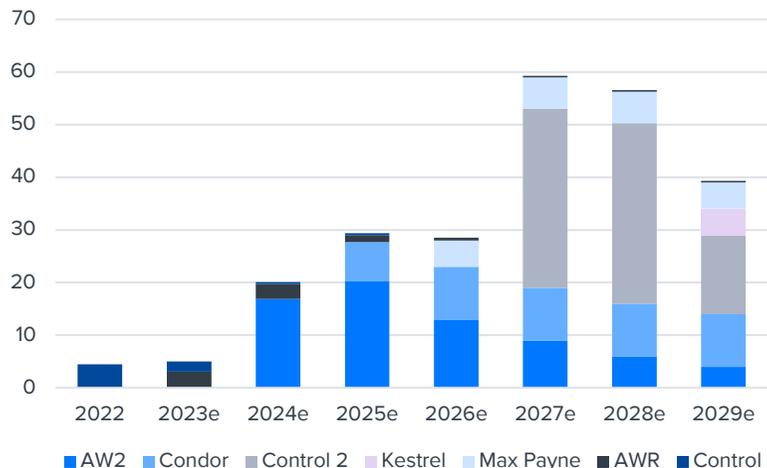
Strategy in light of game projects

\$ =low revenue
\$\$ =medium revenue
\$\$\$ =considerable revenue

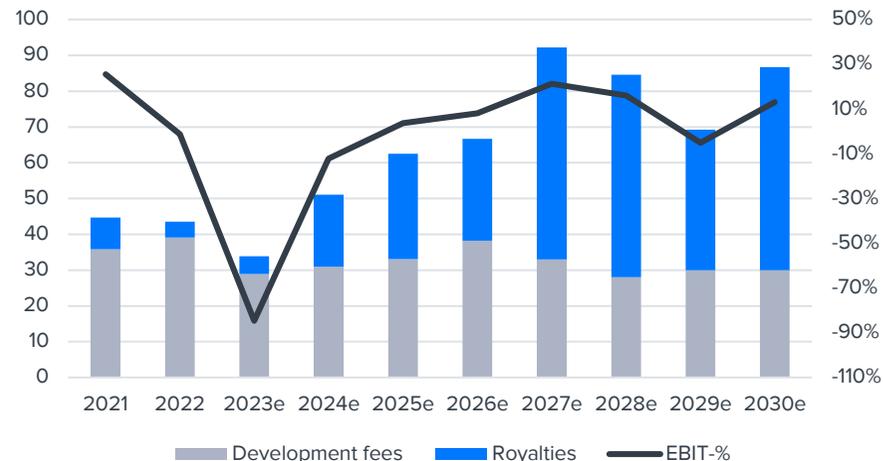
	2022	2023	2024	2025	2026	2027	2028
Crossfire	Development fees \$	Possible small royalty stream from Crossfire HD -/\$					
Control	Royalties \$\$	Royalties \$	Royalties \$	Royalties \$			
Epic projects	Development fees \$\$\$	Alan wake 2 release Little royalties from AWR \$\$\$	Royalties \$\$\$	Royalties \$\$\$	Royalties \$\$\$	Royalties \$\$/\$\$\$	Royalties \$\$/\$\$\$
Condor	Development fees \$\$	Development fees \$/\$\$	Development fees \$\$	Release in H1 \$\$\$	Royalties \$\$\$	Royalties \$\$\$	Royalties \$\$\$
Control 2	Release contract \$\$	Development fees \$\$	Development fees \$\$/\$\$\$	Development fees \$\$\$	Development fees \$\$\$	Release in H1 \$\$\$	Royalties \$\$\$
Max Payne	Release contract \$\$	Development fees \$\$	Development fees \$\$\$	Development fees \$\$\$	Release in H1 \$\$\$	Royalties \$\$/\$\$\$	Royalties \$\$/\$\$\$
Kestrel	Development fees \$\$	Development fees \$\$	Development fees \$	Development fees \$\$	Development fees \$\$/\$\$\$	Development fees \$\$/\$\$\$	Development fees \$\$/\$\$\$
Next game projects					Development fees \$\$/\$\$\$	Development fees \$\$\$	Development fees \$\$\$

Underlying assumptions for revenue estimates

Roalty assumptions per game (MEUR)



Revenue and profitability



AW2 assumptions in the estimate model

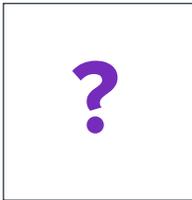
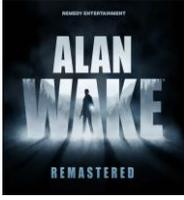
	Q3'23	Q4'23e	Q1'24e	Q2'24e	Q3'24e	Q4'24e	Q1'25e	Q2'25e	Q3'25e	Q4'25e
Average price (€)	60	55	55	55	50	45	45	45	45	40
Sales volume (millions of copies)	0.30	0.70	0.50	0.50	0.50	0.65	0.43	0.35	0.30	0.40
Project income (MEUR)	11	24	17	17	16	18	12	10	8	10
Remedy's royalties (MEUR)	0	0	0	0	7.8	9.1	6.0	4.9	4.2	5.0
Cumulative copies sold (million)	0.3	1.0	1.5	2.0	2.5	3.2	3.6	3.9	4.2	4.6
Cumulative project income (million (MEUR))	11	35	53	70	86	104	116	126	134	144
Remedy's cumulative royalties (MEUR)		0	0	0	7.8	16.9	23.0	27.9	32.1	37.1

Underlying assumptions for the calculation

- Value added tax 20%
- Distribution cost 25%
- Budget (production+marketing) 70 MEUR

→ AW2 needs to sell around 2 million copies under these assumptions to cover the production and marketing costs funded by Epic and to start generating royalties for Remedy.

Remedy's game projects and partners



Control

Condor

Control 2

Alan Wake Remastered

Alan Wake II

Max Payne 1&2 remake

Kestrel

Released
Q3'19

Production
readiness

Proof-of-
concept

Released
Q4'21

Released
10/27/2023

Production
readiness

Conceptualization

Budget
~30 MEUR

Budget
~25 MEUR

Budget
~50 MEUR

Budget¹
~7 MEUR

Budget¹
~50 MEUR

Budget¹
~45-50 MEUR

Budget¹
~40-50 MEUR

Remedy's share
of the budget:

45%

50%

50%

0%³

0%

30-50%¹

Remedy's share
of revenue:

45%

50%

50%

50%

20-30%¹

30-50%¹

Recoup² before
the royalties to
Remedy?



Source: Inderes, ¹ Inderes' rough estimates of project production budgets and allocation ratios

²The production and marketing budget financed by the distributor must be recouped in whole or in part before royalties accrue to Remedy

³Remedy also provided some funding for Alan Wake 2 towards the end of production to ensure the game's high quality.

Gauging Remedy's long-term potential

Share price in different scenarios

		EV/EBIT 12x				
		Revenue (MEUR)				
EBIT-%	100	125	150	175	200	
25%	24.3	29.6	35.0	40.4	45.7	
30%	28.6	35.0	41.4	47.9	54.3	
35%	32.9	40.4	47.9	55.4	62.9	
40%	37.1	45.7	54.3	62.9	71.4	

		EV/EBIT 16x				
		Revenue (MEUR)				
EBIT-%	100	125	150	175	200	
25%	31.4	38.6	45.7	52.9	60.0	
30%	37.1	45.7	54.3	62.9	71.4	
35%	42.9	52.9	62.9	72.9	82.9	
40%	48.6	60.0	71.4	82.9	94.3	

		EV/EBIT 20x				
		Revenue (MEUR)				
EBIT-%	100	125	150	175	200	
25%	38.6	47.5	56.4	65.4	74.3	
30%	45.7	56.4	67.1	77.9	88.6	
35%	52.9	65.4	77.9	90.4	102.9	
40%	60.0	74.3	88.6	102.9	117.1	

Annual return 2027

		EV/EBIT 12x				
		Revenue (MEUR)				
EBIT-%	100	125	150	175	200	
25%	10%	15%	20%	25%	29%	
30%	14%	20%	26%	31%	35%	
35%	19%	25%	31%	36%	40%	
40%	22%	29%	35%	40%	45%	

		EV/EBIT 16x				
		Revenue (MEUR)				
EBIT-%	100	125	150	175	200	
25%	17%	24%	29%	34%	38%	
30%	22%	29%	35%	40%	45%	
35%	27%	34%	40%	46%	51%	
40%	31%	38%	45%	51%	56%	

		EV/EBIT 20x				
		Revenue (MEUR)				
EBIT-%	100	125	150	175	200	
25%	24%	30%	36%	42%	46%	
30%	29%	36%	43%	48%	53%	
35%	34%	42%	48%	54%	59%	
40%	38%	46%	53%	59%	65%	

Annual return 2030

		EV/EBIT 12x				
		Revenue (MEUR)				
EBIT-%	100	125	150	175	200	
25%	5%	8%	11%	13%	15%	
30%	8%	11%	14%	16%	18%	
35%	10%	13%	16%	19%	21%	
40%	12%	15%	18%	21%	23%	

		EV/EBIT 16x				
		Revenue (MEUR)				
EBIT-%	100	125	150	175	200	
25%	9%	13%	15%	18%	20%	
30%	12%	15%	18%	21%	23%	
35%	14%	18%	21%	24%	26%	
40%	16%	20%	23%	26%	28%	

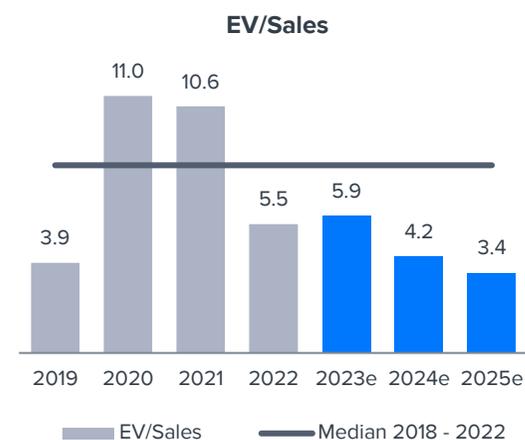
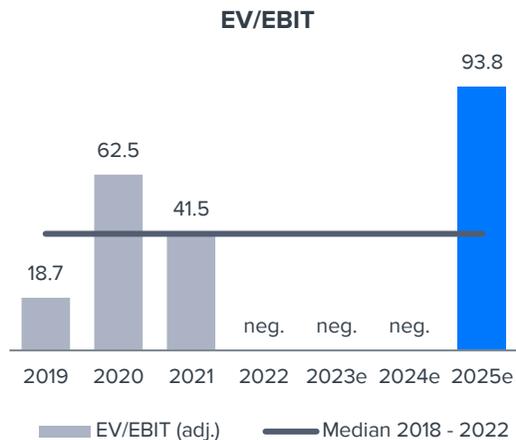
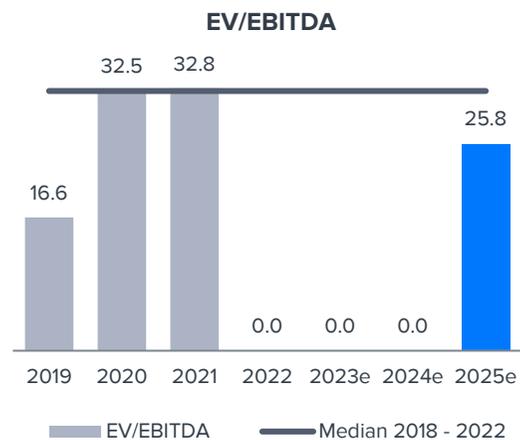
		EV/EBIT 20x				
		Revenue (MEUR)				
EBIT-%	100	125	150	175	200	
25%	13%	16%	19%	22%	24%	
30%	15%	19%	22%	25%	27%	
35%	18%	22%	25%	28%	30%	
40%	20%	24%	27%	30%	32%	

- The scenarios aim to illustrate the expected return on Remedy's share if the company achieves a sustainable revenue of 100-200 MEUR with an EBIT margin of 25-40% in 2027 or 2030.
- If the company's current game projects perform very well, we see the revenue and profitability potential to reach these levels.
- The scenarios assume Remedy's net cash to be 40 MEUR and number of shares to be 14 million (accounting for the dilution of stock option schemes).
- In terms of valuation multiples, we believe that an EV/EBIT multiple of 12x would reflect a scenario where Remedy's future growth outlook would be weak, good at 16x and excellent at 20x.

Valuation table

Valuation	2019	2020	2021	2022	2023e	2024e	2025e	2026e	2027e
Share price	11.5	39.0	39.7	21.9	17.0	17.0	17.0	17.0	17.0
Number of shares, millions	12.1	12.1	13.1	13.4	13.5	13.6	13.7	13.8	13.9
Market cap	138	471	528	294	229	231	232	234	236
EV	122	453	473	241	200	212	215	216	201
P/E (adj.)	26.4	87.0	59.0	neg.	neg.	neg.	>100	55.2	15.0
P/E	26.4	87.0	59.0	neg.	neg.	neg.	>100	55.2	15.0
P/B	5.2	13.0	6.0	3.3	3.6	4.0	4.0	3.8	3.1
P/S	4.4	11.5	11.8	6.7	6.8	4.5	3.7	3.5	2.6
EV/Sales	3.9	11.0	10.6	5.5	5.9	4.2	3.4	3.2	2.2
EV/EBITDA	16.6	32.5	32.8	>100	neg.	neg.	25.8	19.2	5.9
EV/EBIT (adj.)	18.7	62.5	41.5	neg.	neg.	neg.	93.8	39.9	10.2
Payout ratio (%)	25.4 %	36.2 %	25.7 %	neg.	neg.	neg.	78.0 %	32.4 %	22.1 %
Dividend yield-%	1.0 %	0.4 %	0.4 %	0.5 %	0.6 %	0.6 %	0.6 %	0.6 %	1.5 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		Lv:n kasvu-%		EBIT-%	
Company	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e
Frontier Developments	64	67			2.3		0.6	0.7	-9%	-19%	-5%	-32%
Embracer	1987	3566	7.1	5.6	4.5	3.6	1.1	0.9	129%	16%	15%	17%
Starbreeze	58	29	1.8		0.8	4.0	0.5	1.4	396%	-75%	30%	-55%
CD Projekt	2637	2467	24.3	44.8	16.7	28.9	9.2	13.6	29%	-33%	38%	30%
Paradox Interactive	1879	1774	29.4	20.8	12.5	10.4	8.0	7.2	27%	12%	27%	35%
Team17	460	413	14.2	9.4	10.9	8.1	2.4	2.3	10%	3%	17%	25%
Playway	473	422	9.7	8.0	9.6	7.9	6.0	5.1	11%	18%	61%	63%
11 Bit Studios	338	323	254.0	7.5	268.1	6.2	22.7	4.2	-17%	442%	9%	56%
Enad Global 7	100	64	1.5	2.3	1.3	1.7	0.3	0.4	15%	-13%	23%	17%
Thunderful Group	19	77	5.8	4.9	2.3	2.3	0.3	0.3	-4%	2%	5%	6%
Tinybuild	40	27			13.7	7.5	0.6	0.6	-27%	6%	-5%	0%
Cl Games	73	87	7.0	16.3	3.5	5.9	1.6	3.3	288%	-51%	23%	21%
Electronic Arts	35313	34178	17.9	15.9	15.5	14.2	5.2	4.9	-5%	6%	29%	31%
Take-Two Interactive	24290	26123	34.4	49.9	30.5	41.4	5.4	5.3	52%	1%	16%	11%
Ubisoft	3090	4276		12.2	5.2	4.6	2.2	2.0	-9%	8%	-21%	16%
Remedy (Inderes)	229	200	-7.0	-34.3	-11.7	-215.4	5.9	4.2	-22%	51%	-85%	-12%
Average			33.9	16.5	26.5	10.5	4.4	3.5	55%	20%	16%	15%
Median			12.0	10.8	9.6	6.8	2.2	2.3	11%	3%	17%	17%
Diff-% to median			-	-	-	-	172%	78%				

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	44.7	12.7	9.4	7.9	13.6	43.6	6.9	8.9	7.8	10.3	33.9	51.1	62.5	66.7
Development fees	35.8	11.6	7.4	7.5	12.6	39.1	6.4	7.9	6.7	7.8	28.9	31.0	33.1	38.2
Royalties	8.9	1.0	2.0	0.4	1.1	4.5	0.5	1.0	1.1	2.5	5.0	20.1	29.4	28.5
EBITDA	14.5	3.3	-1.8	-2.4	2.8	1.9	-4.9	-4.0	-4.2	-3.9	-17.0	-1.0	8.3	11.2
Depreciation	-3.0	-0.6	-0.6	-0.6	-0.7	-2.5	-0.7	-0.8	-1.3	-8.9	-11.7	-5.2	-6.0	-5.8
EBIT (excl. NRI)	11.4	2.8	-2.4	-3.0	2.1	-0.6	-5.6	-4.8	-5.5	-12.8	-28.7	-6.2	2.3	5.4
EBIT	11.4	2.8	-2.4	-3.0	2.1	-0.6	-5.6	-4.8	-5.5	-12.8	-28.7	-6.2	2.3	5.4
Net financial items	-0.1	-0.1	-0.5	-0.1	0.1	-0.6	0.0	0.4	0.0	0.0	0.4	0.1	-0.1	-0.1
PTP	11.3	2.7	-2.9	-3.2	2.2	-1.2	-5.6	-4.4	-5.5	-12.8	-28.3	-6.1	2.2	5.3
Taxes	-2.5	-0.5	0.2	0.5	-0.7	-0.5	0.0	1.7	1.1	2.6	5.3	1.2	-0.4	-1.1
Net earnings	8.8	2.2	-2.7	-2.7	1.5	-1.7	-5.6	-2.7	-4.4	-10.2	-23.0	-4.9	1.8	4.2
EPS (adj.)	0.67	0.16	-0.20	-0.20	0.11	-0.13	-0.42	-0.20	-0.33	-0.76	-1.71	-0.36	0.13	0.31
EPS (rep.)	0.67	0.16	-0.20	-0.20	0.11	-0.13	-0.42	-0.20	-0.33	-0.76	-1.71	-0.36	0.13	0.31
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-%	8.9 %	55.9 %	-0.2 %	6.9 %	-31.2 %	-2.5 %	-45.4 %	-5.3 %	-1.1 %	-24.6 %	-22.2 %	50.8 %	22.3 %	6.7 %
EBITDA-%	32.3 %	26.4 %	-19.3 %	-30.4 %	20.4 %	4.4 %	-71.6 %	-44.7 %	-53.4 %	-38.3 %	-50.2 %	-1.9 %	13.3 %	16.8 %
Adjusted EBIT-%	25.5 %	21.8 %	-25.6 %	-38.3 %	15.5 %	-1.3 %	-81.0 %	-53.7 %	-70.5 %	-124.4 %	-84.6 %	-12.1 %	3.7 %	8.1 %
Net earnings-%	19.7 %	17.1 %	-29.0 %	-33.6 %	10.9 %	-4.0 %	-81.6 %	-30.0 %	-56.7 %	-99.7 %	-67.8 %	-9.6 %	2.8 %	6.4 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	12.6	20.2	31.1	27.9	30.1
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	7.6	15.1	23.3	20.7	24.7
Tangible assets	4.3	4.3	5.2	4.6	2.9
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.7	0.8	0.8	0.8	0.8
Deferred tax assets	0.0	0.0	1.7	1.7	1.7
Current assets	81.1	71.2	43.4	35.8	40.6
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	22.5	15.3	12.9	15.3	15.6
Cash and equivalents	58.5	55.9	30.5	20.4	25.0
Balance sheet total	101	99.6	71.8	67.6	75.1

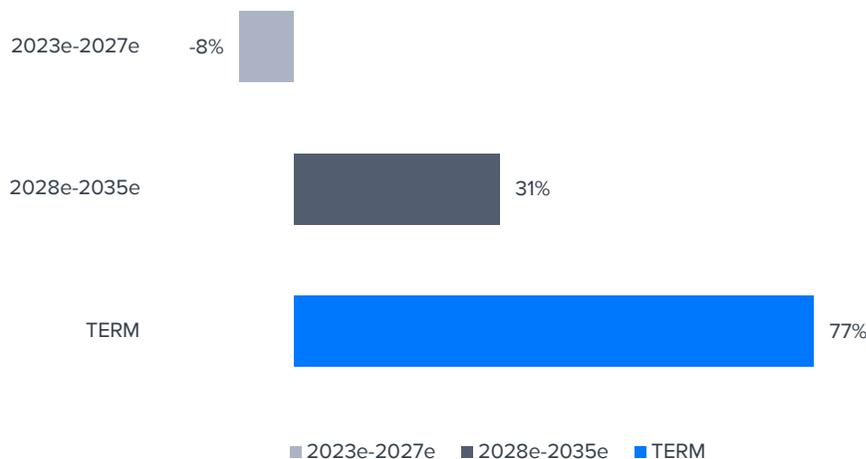
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	87.4	88.4	64.3	58.1	58.5
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	31.5	31.1	6.8	0.6	1.0
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	55.8	57.1	57.4	57.4	57.4
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	2.1	1.1	0.9	0.9	0.9
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	2.1	1.1	0.9	0.9	0.9
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	11.7	10.1	6.6	8.7	15.7
Interest bearing debt	1.8	1.8	0.2	1.0	6.3
Payables	9.8	8.2	6.4	7.7	9.4
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	101	99.6	71.8	67.6	75.1

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	-2.5 %	-22.2 %	50.8 %	22.3 %	6.7 %	38.3 %	-8.3 %	-18.1%	25.2 %	23.1%	-5.0 %	8.0 %	5.0 %	3.0 %	3.0 %
EBIT-%	-1.3 %	-84.6 %	-12.1%	3.7 %	8.1 %	21.4 %	16.1%	-5.1 %	13.2 %	27.3 %	23.0 %	26.5 %	27.7 %	28.0 %	28.0 %
EBIT (operating profit)	-0.6	-28.7	-6.2	2.3	5.4	19.7	13.6	-3.5	11.4	29.2	23.3	29.0	31.9	33.2	
+ Depreciation	2.5	11.7	5.2	6.0	5.8	14.5	12.9	13.8	14.7	13.6	13.1	12.9	12.7	12.7	
- Paid taxes	-0.5	3.6	1.2	-0.4	-1.1	-3.9	-2.7	0.7	-2.3	-5.8	-4.6	-5.8	-6.4	-6.6	
- Tax, financial expenses	-0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ 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	0.0	0.0	0.0	
- Change in working capital	5.6	0.7	-1.2	1.4	1.6	-1.3	0.9	1.3	-0.5	-1.0	0.3	-0.4	-0.3	2.1	
Operating cash flow	6.8	-12.7	-1.0	9.3	11.7	28.9	24.7	12.2	23.3	36.0	32.1	35.7	38.0	41.3	
+ 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	0.0	0.0	0.0	
- Gross CAPEX	-10.8	-10.0	-8.6	-8.6	-9.6	-10.6	-11.6	-12.6	-12.6	-12.6	-12.6	-12.6	-12.6	-12.7	
Free operating cash flow	-4.0	-22.7	-9.6	0.7	2.1	18.3	13.1	-0.4	10.7	23.4	19.5	23.1	25.4	28.6	
+/- Other	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	
FCFF	-4.0	-22.7	-9.6	0.7	2.1	18.3	13.1	-0.4	10.7	23.4	19.5	23.1	25.4	28.6	
Discounted FCFF		-23.0	-8.9	0.6	1.6	13.0	8.5	-0.2	5.8	11.6	8.8	9.5	9.6	9.9	160
Sum of FCFF present value		207	230	239	238	236	223	215	215	209	198	189	180	170	160
Enterprise value DCF		207													
- Interest bearing debt		-3.0													
+ Cash and cash equivalents		55.9													
-Minorities		0.0													
-Dividend/capital return		-1.3													
Equity value DCF		258													
Equity value DCF per share		19.2													

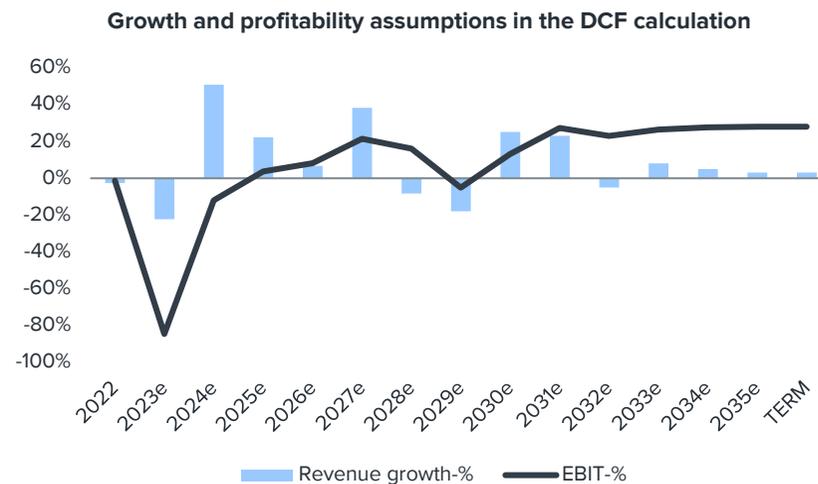
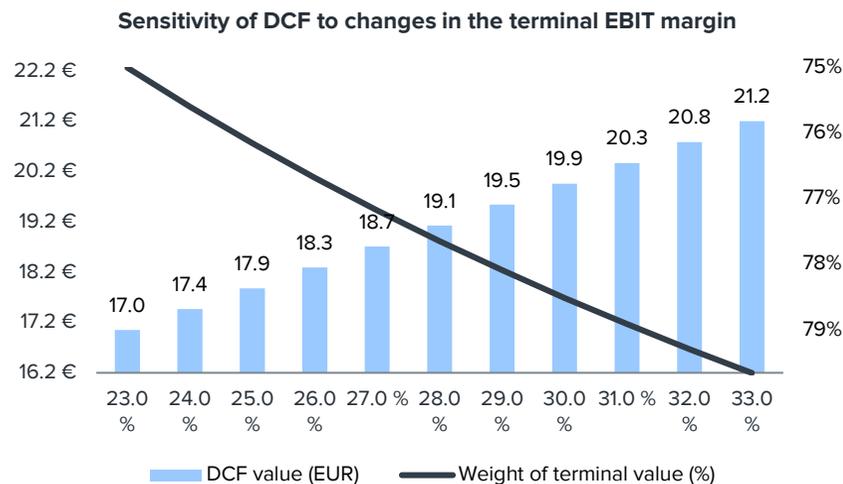
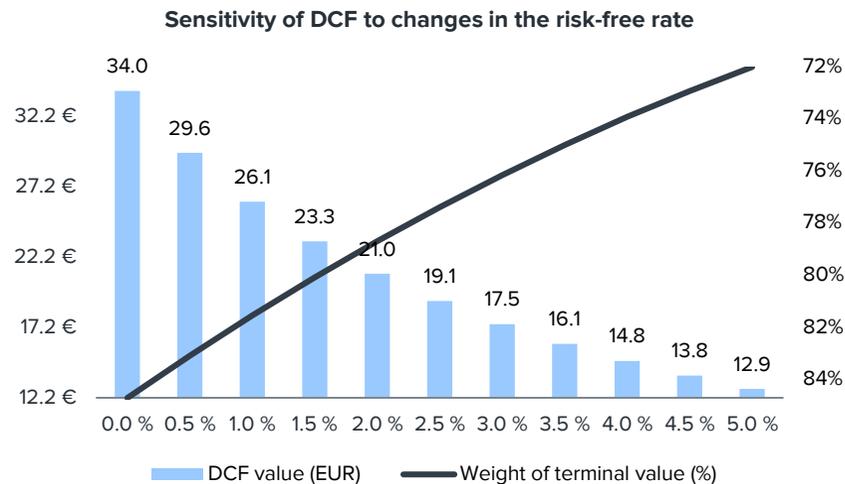
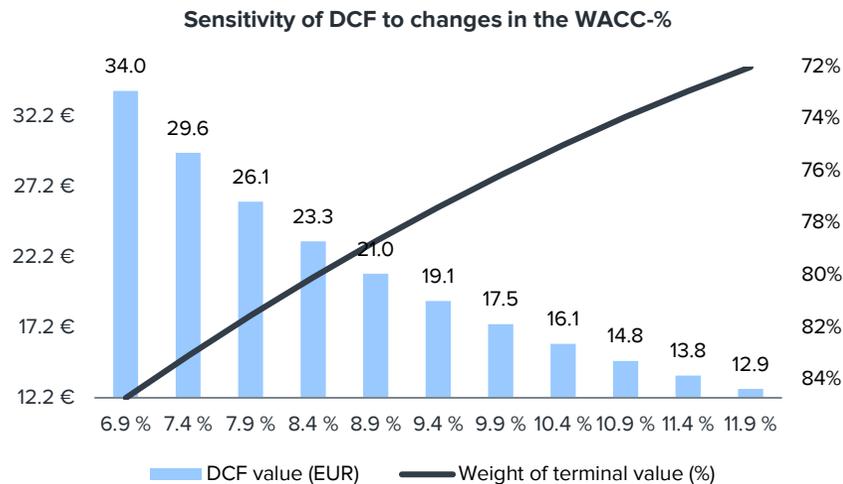
Cash flow distribution



WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	5.0 %
Equity Beta	1.15
Market risk premium	4.75%
Liquidity premium	1.40%
Risk free interest rate	2.5 %
Cost of equity	9.4 %
Weighted average cost of capital (WACC)	9.4 %

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	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	41.1	44.7	43.6	33.9	51.1	EPS (reported)	0.45	0.67	-0.13	-1.71	-0.36
EBITDA	14.0	14.5	1.9	-17.0	-1.0	EPS (adj.)	0.45	0.67	-0.13	-1.71	-0.36
EBIT	7.2	11.4	-0.6	-28.7	-6.2	OCF / share	1.07	0.30	0.51	-0.94	-0.07
PTP	7.0	11.3	-1.2	-28.3	-6.1	FCF / share	-0.17	-0.44	-0.29	-1.68	-0.71
Net Income	5.4	8.8	-1.7	-23.0	-4.9	Book value / share	2.99	6.69	6.57	4.77	4.28
Extraordinary items	0.0	0.0	0.0	0.0	0.0	Dividend / share	0.15	0.17	0.10	0.10	0.10
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	51.3	101.1	99.6	71.8	67.6	Revenue growth-%	30%	9%	-3%	-22%	51%
Equity capital	36.1	87.4	88.4	64.3	58.1	EBITDA growth-%	90%	4%	-87%	-994%	-94%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	11%	57%	-105%	4994%	-78%
Net debt	-18.0	-54.7	-52.9	-29.4	-18.5	EPS (adj.) growth-%	3%	50%	-119%	1229%	-79%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	34.0 %	32.3 %	4.4 %	-50.2 %	-1.9 %
EBITDA	14.0	14.5	1.9	-17.0	-1.0	EBIT (adj.)-%	17.6 %	25.5 %	-1.3 %	-84.6 %	-12.1 %
Change in working capital	0.4	-7.7	5.6	0.7	-1.2	EBIT-%	17.6 %	25.5 %	-1.3 %	-84.6 %	-12.1 %
Operating cash flow	12.9	4.0	6.8	-12.7	-1.0	ROE-%	17.3 %	14.2 %	-2.0 %	-30.1 %	-8.0 %
CAPEX	-14.9	-9.8	-10.8	-10.0	-8.6	ROI-%	20.2 %	17.1 %	-0.6 %	-36.6 %	-9.9 %
Free cash flow	-2.0	-5.8	-4.0	-22.7	-9.6	Equity ratio	70.4 %	86.4 %	88.8 %	89.5 %	85.8 %
						Gearing	-49.8 %	-62.5 %	-59.8 %	-45.7 %	-31.9 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	11.0	10.6	5.5	5.9	4.2						
EV/EBITDA (adj.)	32.5	32.8	>100	neg.	neg.						
EV/EBIT (adj.)	62.5	41.5	neg.	neg.	neg.						
P/E (adj.)	87.0	59.0	neg.	neg.	neg.						
P/B	13.0	6.0	3.3	3.6	4.0						
Dividend-%	0.4 %	0.4 %	0.5 %	0.6 %	0.6 %						

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	Share price
5/30/2017	Accumulate	7.40 €	6.69 €
8/17/2017	Buy	7.50 €	6.31 €
2/19/2018	Buy	7.50 €	5.90 €
6/4/2018	Buy	8.50 €	7.30 €
8/15/2018	Buy	8.50 €	6.75 €
2/13/2019	Accumulate	9.00 €	8.25 €
7/3/2019	Accumulate	10.00 €	9.28 €
8/14/2019	Accumulate	11.50 €	10.65 €
12/5/2019	Accumulate	11.50 €	10.15 €
2/16/2020	Accumulate	15.50 €	13.80 €
3/31/2020	Buy	18.00 €	14.80 €
4/21/2020	Accumulate	20.00 €	18.55 €
8/16/2020	Reduce	33.00 €	33.80 €
10/27/2020	Accumulate	33.00 €	29.00 €
12/10/2020	Accumulate	38.00 €	34.00 €
2/14/2021	Accumulate	50.00 €	45.00 €
4/8/2021	Accumulate	50.00 €	43.75 €
5/12/2021	Accumulate	50.00 €	41.30 €
8/16/2021	Accumulate	50.00 €	43.00 €
9/14/2021	Buy	50.00 €	40.00 €
11/15/2021	Buy	50.00 €	40.75 €
2/14/2022	Buy	50.00 €	33.50 €
5/16/2022	Buy	42.00 €	29.30 €
6/2/2022	Accumulate	34.00 €	29.85 €
8/15/2022	Accumulate	26.00 €	22.15 €
10/31/2022	Buy	25.00 €	18.14 €
12/27/2022	Accumulate	25.00 €	21.50 €
2/13/2023	Accumulate	25.00 €	22.70 €
4/19/2023	Accumulate	25.00 €	24.20 €
4/27/2023	Accumulate	25.00 €	23.10 €
6/12/2023	Reduce	25.00 €	26.10 €
8/14/2023	Reduce	25.00 €	25.55 €
9/14/2023	Reduce	24.00 €	22.50 €
10/27/2023	Accumulate	30.00 €	27.00 €
11/1/2023	Accumulate	30.00 €	27.95 €
11/16/2023	Reduce	29.00 €	28.85 €
2/7/2024	Reduce	21.00 €	21.60 €
2/13/2024	Accumulate	21.00 €	17.62 €
2/19/2024	Accumulate	19.00 €	17.02 €



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