

United Bankers

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Myynnin pitäisi piristyä selvästi alkuvuonna” published on 2/19/2024 at 7:54 am EET

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Sales should pick up clearly in early 2024

In light of the numbers, the H2 report was slightly better than we expected, and the guidance indicating earnings growth was also a positive surprise. The distribution of the fees was somewhat weaker than we expected, which together with subdued new sales left a neutral overview of the report. We made positive revisions to our forecasts and still expect good earnings growth from the company in the coming years, driven by a pick-up in new sales. Compared to our forecasts, the valuation is favorable and we find the return/reward ratio attractive. Reflecting our estimate changes, we revise our target price to EUR 17.0 (was EUR 16.0) and reiterate our Accumulate recommendation.

H2 report was neutral relative to expectations and performance was good in a challenging market

UB's Q4 revenue increased by 9% to 27.4 MEUR, slightly above our 26.6 MEUR forecast. Recurring fees were surprisingly much below expectations in revenue (13.3 vs. 14.3 MEUR) due to lower than expected new sales in H2 in the company's spearhead funds. Performance fees were significantly higher than we expected (7.4 vs. 5.8 MEUR). Costs remained well under control in the review period and a small revenue overshoot went straight to the bottom line. EBIT was 9.9 MEUR, quite clearly above our forecast of 8.9 MEUR. However, the overshoot was diluted by the fact that profitability based on recurring fees improved less than we expected. As expected, UB will distribute a dividend of EUR 1.00 per share and the payout ratio is high ~80%. H2 new sales were disappointing, and we calculate that UB only raised some 50 MEUR in its spearhead funds. The company management seemed very confident about new sales in the earnings call and the surprisingly positive guidance also reflects this (EBIT grows).

Forecasts revised upward, we expect good earnings growth in the coming years

We revised our forecasts upward by 5-10% with the H2 report. We expect earnings growth in 2024 to be modest, as the fall in performance fees from the whopping 2022-2023 levels largely overshadows the good development in recurring fees. In 2024, we expect much better new sales from the company than in 2023, and here the company has to prove itself. We expect the company to shortly provide further information on the progress of fundraising in the Forest Industry Green Growth and Nordic Forest Fund 4 funds. In 2025, earnings growth should accelerate clearly as performance fees no longer fall and the significant growth in spearhead funds in 2024 will be fully reflected in the figures. We expect the company to achieve an average earnings growth of some 10% in the next few years. Dividend flow remains abundant as usual and we expect the company to distribute most of its earnings as dividends.

Valuation is attractive

With the actual result the valuation level is slightly above the company's historical level and relative to peers the share is unjustifiably priced at a clear discount. The value indicated by our DCF model (EUR ~19 per share) also supports our positive view. In our view, investors' expected return for the coming years is a combination of earnings growth (~10%) and a healthy dividend yield (7-8%). In addition, if the company succeeds in improving its fee distribution, there is also room for the valuation to rise from the current level. The current valuation level and forecasts would also support taking a stronger view, as if earnings growth and improved earnings distribution materialize as we expect, the stock's expected return is excellent. So far, however, the low predictability of performance fees and their large role as well as visibility of critical short-term sales in the spearhead funds raise the risk level too much.

Recommendation

Accumulate

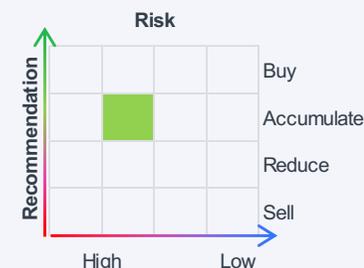
(previous Accumulate)

EUR 17.00

(previous EUR 16.00)

Share price:

14.60



Key figures

	2023	2024e	2025e	2026e
Revenue	52.2	55.3	60.3	64.4
growth-%	7%	6%	9%	7%
EBIT adj.	17.0	18.0	20.4	22.2
EBIT-% adj.	32.5 %	32.5 %	33.8 %	34.5 %
Net Income	13.3	13.3	15.2	16.6
EPS (adj.)	1.23	1.23	1.40	1.52

P/E (adj.)	11.7	11.9	10.5	9.6
P/B	3.0	2.9	2.8	2.6
Dividend yield-%	6.9 %	7.5 %	8.3 %	9.0 %
EV/EBIT (adj.)	8.6	8.2	7.0	6.2
EV/EBITDA	7.6	7.2	6.3	5.6
EV/S	2.8	2.6	2.4	2.1

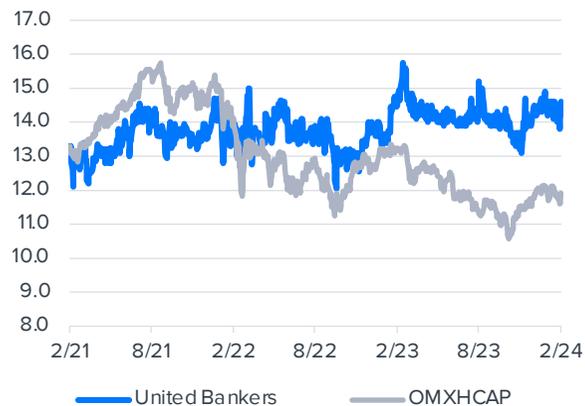
Source: Inderes

Guidance

(New guidance)

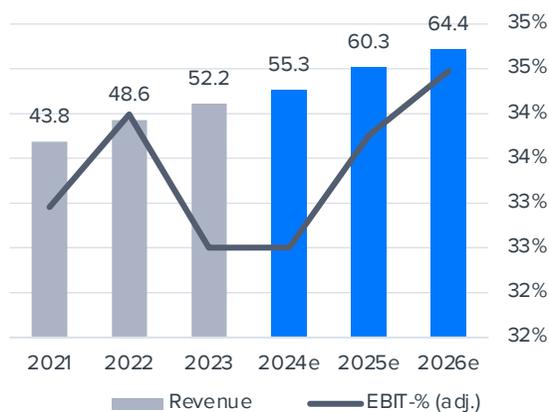
The company expects its operational EBIT to grow from the 2023 level (2023: 16.9 MEUR)

Share price



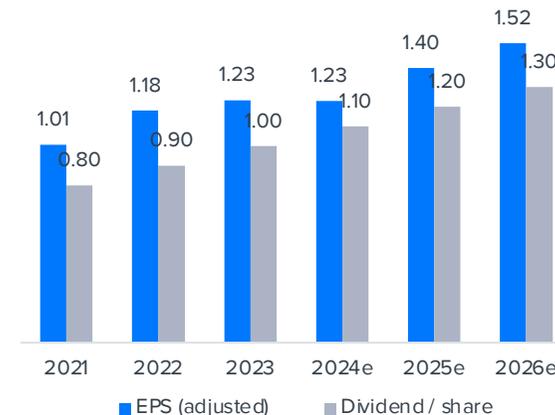
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- New product launches
- Increase in the size of existing products
- Further improvement potential in cost-efficiency
- M&A transactions and consolidation of the industry



Risk factors

- Deterioration of the market situation
- The share of non-recurring revenue is still significant
- Profitability still relatively weak without performance fees

	2024e	2025e	2026e
Share price	14.6	14.6	14.6
Number of shares, millions	10.8	10.9	10.9
Market cap	158	158	158
EV	146	142	138
P/E (adj.)	11.9	10.5	9.6
P/E	11.9	10.5	9.6
P/B	2.9	2.8	2.6
P/S	2.9	2.6	2.5
EV/Sales	2.6	2.4	2.1
EV/EBITDA	7.2	6.3	5.6
EV/EBIT (adj.)	8.2	7.0	6.2
Payout ratio (%)	89.5 %	85.9 %	85.3 %
Dividend yield-%	7.5 %	8.3 %	9.0 %

Source: Inderes

H2 was a good performance in a challenging market

A neutral report relative to expectations

In light of the numbers, the H2 report was slightly better than we expected, and the guidance indicating earnings growth was also a positive surprise. Fee distribution was somewhat weaker than expected and this, together with subdued new sales, left a neutral overview of the report.

UB's revenue increased by 9% to 27.4 MEUR and was slightly above our 26.6 MEUR estimate. In revenue, recurring fees from Wealth Management fell surprisingly short of expectations (13.3 vs. 14.3 MEUR) due to lower than expected new sales in H2 in the company's spearhead funds. Performance fees were significantly higher than we expected (7.4 vs. 5.8 MEUR), and we believe this can be explained by the entirely new Renewable Energy fund that generated huge returns after its establishment in late 2023.

Costs remained well under control in the review period and a small revenue overshoot went straight to the bottom line. EBIT was 9.9 MEUR, quite clearly above our forecast of 8.9 MEUR. At EPS level, the overshoot was even higher due to the exceptionally low tax rate as the company utilized old losses on a one-off basis. However, the earnings overshoot was diluted by the fact that profitability based on recurring fees improved less than we expected (H2 EBITD14% vs. 22%), when the level of management fees was lower than expected. However, the direction is right, and the level seen in H2 was the best in the company's history. As expected, UB distributes EUR 1.00 per share as dividends and the payout ratio is high ~80%.

H2 new sales were disappointing

UB did not make a second close in FIGG or NFF4 in H2 and their new sales was therefore zero. The

company raised a respectable 30 MEUR in the Renewable Energy fund, but the sales of the company's key fund (UB Forest) were also subdued in H2. At the same time, approximately 40 MEUR of capital exited real estate funds.

The company's management continued to be very confident in new sales both in the earnings call and in our interview, and we expect another close in FIGG and NFF4 shortly. We estimate that the company's goal is to raise significant capital in the four mentioned funds during 2024 (estimated +300 MEUR), and UB has to prove itself in the coming months as we receive concrete signals from new sales in the funds. In terms of the market outlook, the company's management was surprisingly optimistic and this was also reflected in the guidance, which was stronger than we expected.

Estimates MEUR / EUR	H2'22	H2'23	H2'23e	H2'23e	Consensus		Difference (%)	2023
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	25.2	27.4	26.6				3%	52.2
EBIT (adj.)	9.1	9.9	8.9				11%	17.0
EPS (adj.)	0.66	0.74	0.63				17%	1.23
DPS	0.90	1.00	1.00				0%	1.00
Revenue growth-%	10.8 %	8.7 %	5.5 %				3.2 pp	7.5 %
EBIT-% (adj.)	36.0 %	36.1 %	33.6 %				2.5 pp	32.5 %

Source: Inderes

Forecasts revised upwards

Estimate revisions

We again made a lot of changes to our forecasts, and as a whole, our earnings forecasts for the coming years increased by 5–10%.

- For real estate funds, we cut the new sales forecasts due to the very challenging market situation.
- In forest funds, we raised the forecasts somewhat due to strong fee levels.
- In Renewable Energy, we also raised our forecasts due to successful new sales and strong returns.
- The 200 MEUR size we predict for FIGG is well below the company's target level of 300 MEUR, but we consider caution justified for the time being.

Operational earnings drivers:

- In our forecasts, the company's earnings growth is driven by AUM growth in Wealth Management, especially in strategically important funds (FIGG, NFF, Renewable Energy and Forest). Real estate funds will start to support growth again from 2025 onwards, but the level is more modest than in previous years. As a result of strong new sales, we forecast management fees to increase by an annual average of +10% in 2023-2027.
- In the coming years, we expect performance fees to remain below the 2022-2023 peak levels. This will slow down earnings growth for the entire Group, especially in 2024. However, this combined with growing management fees improves the earnings mix, which we consider important to the company's investment story.
- We note that our 2024 forecast is only slightly above the company's guidance. According to our estimate, the difference comes from 1) performance fees and 2) more cautious new sales than the company's own forecasts, especially in FIGG.
- As a whole, we expect strong earnings growth from the company and EPS will grow by around 10% per year in the next few years
- We expect the dividend payout to remain strong, as the company's business growth ties up very limited capital. We forecast a payout ratio of around 80% in the coming years. The company's own target is to pay an annual dividend of at least 70% of EPS.

Estimate revisions MEUR / EUR	2023	2023	Change	2024e	2024e	Change	2025e	2025e	Change
	Old	New	%	Old	New	%	Old	New	%
Revenue	51.6	52.2	1%	56.5	55.0	-3%	60.7	59.6	-2%
EBIT (exc. NRIs)	15.9	17.0	6%	17.0	17.8	5%	19.5	21.5	10%
EBIT	15.9	17.0	6%	17.0	17.8	5%	19.5	21.5	10%
EPS (excl. NRIs)	1.14	1.24	10%	1.16	1.23	6%	1.34	1.49	12%
DPS	1.00	1.00	0%	1.10	1.10	0%	1.20	1.20	0%

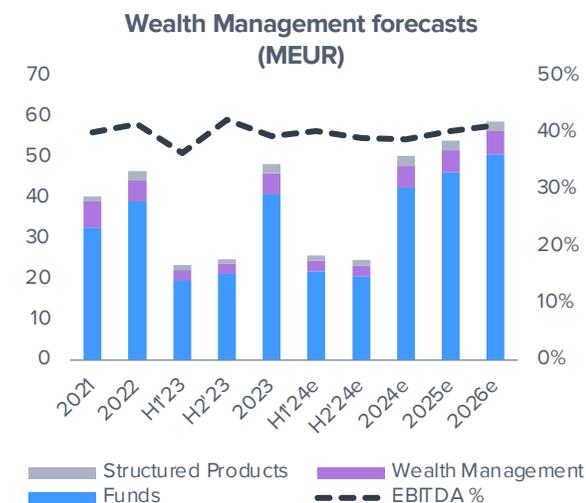
Source: Inderes

Wealth Management forecasts

Wealth Management (MEUR)	2021	2022	2023	2024e	2025e	2026e
Funds	32.7	39.0	40.8	42.5	46.3	50.7
Management fees	19.3	23.1	25.9	30.7	33.5	37.7
Performance fees	11.5	14.4	13.6	10.0	11.0	11.0
Subscription & redemption	1.9	1.5	1.3	1.8	1.8	2.0
Wealth management	6.5	5.4	5.2	5.4	5.5	5.9
Structured investments	1.2	2.2	2.5	2.5	2.3	2.3
Total revenue	40.4	46.8	50.6	52.7	56.3	60.5
Revenue growth-%	30%	16%	8%	4%	7%	7%
Performance costs	-5.0	-5.2	-4.8	-5.4	-5.3	-5.7
Other costs total	-19.1	-22.1	-24.6	-25.7	-27.2	-28.9
EBITDA	16.2	19.5	20.0	20.5	22.7	25.0
EBITDA-%	40.2 %	41.6 %	39.5 %	38.9 %	40.3 %	41.3 %
EBITDA recurring fees	2.8	3.5	5.1	8.7	9.9	12.0
EBITDA-% recurring fees	7.0 %	7.5 %	10.1 %	16.6 %	17.6 %	19.9 %
AUM kasvu v/v	4800	4411	4600	5110	5445	5780
Private equity funds	990	1254	1409	1695	1895	2105
Conventional funds	1108	718	845	1055	1195	1325
Other fund capital	682	630	644	610	580	550
Wealth management	530	441	368	400	425	450
Other	1490	1367	1334	1350	1350	1350
AUM growth y/y	27%	-8%	4%	11%	7%	6%
Funds' performance fees/fund AUM (%)	1.17%	1.50%	1.41%	1.26%	1.26%	1.27%
Management fees/fund AUM (%)	0.69%	0.89%	0.89%	0.91%	0.91%	0.95%

Conventional funds = UB fund company's AUM excl. UB Forest, UB Finland Real Estate and UB Nordic Commercial Premises funds

Private equity funds = NFF funds, Loand fund and UB Forest, UB Finland Real Estate, UB Nordic Commercial Premise, UB Renewable Energy and FIGG



Valuation is attractive

Expected return is on a good level

With the actual result, the P/E ratio is about 12x, which cannot be considered particularly high in relative or absolute terms. A key factor depressing the valuation level is still the significant share of non-recurring fees, which weakens the predictability of the result. Consequently, it is difficult to see a substantial upside in earnings multiples without profitability based on recurring fees improving from the current level. In our view, investors' expected return for the coming years is a combination of earnings growth (~10%) and a healthy dividend yield (7-8%). In addition, if the company succeeds in improving its fee distribution, there is also room for the valuation to rise from the current level. The current valuation level and forecasts would also support taking a stronger view, as if earnings growth and improved earnings distribution materialize as we expect, the stock's expected return is excellent. So far, however, the low predictability of performance fees and their large role as well as visibility of critical short-term sales in the spearhead funds raise the risk level too much.

Peer group valuation

Peer valuation indicates a neutral valuation. In our multiple-based valuation, we focus on P/E and EV/EBIT multiples and dividend yield, which we believe are the key valuation multiples for the sector and at the same time offer a high level of comparability. With our 2024 and 2025 forecasts, UB is priced at a reasonable discount to the peer group (~20% discount), which we do not consider justified, as we believe that the company's pricing should be in line with the peers. In absolute terms, we believe that the multiples of the peer group are relatively neutral and close to the normal levels of the companies.

Absolute multiples

Through its stock exchange history, UB has been valued at an average forward-looking 10x EV/EBIT, 6% dividend yield and 13x P/E (historical 12-month forward-looking multiples taken from Reuters). Based on our current estimates, UB's 2024e and 2025e P/E ratios are some 10-12x, corresponding EV/EBIT ratios are 6-8x and dividend yields are 7-8%. Against this background, we also consider the share attractively priced.

DCF model supports a positive view

The UB share's value in our DCF model has risen to around EUR 19 (was EUR 17) with our higher estimates. Our required return for UB (10.0%) is still above the key peers, as the company's earnings mix is still more heavily weighted towards non-recurring income than peers. Also, relative to the DCF model, the current valuation level of the stock doesn't appear particularly challenging.

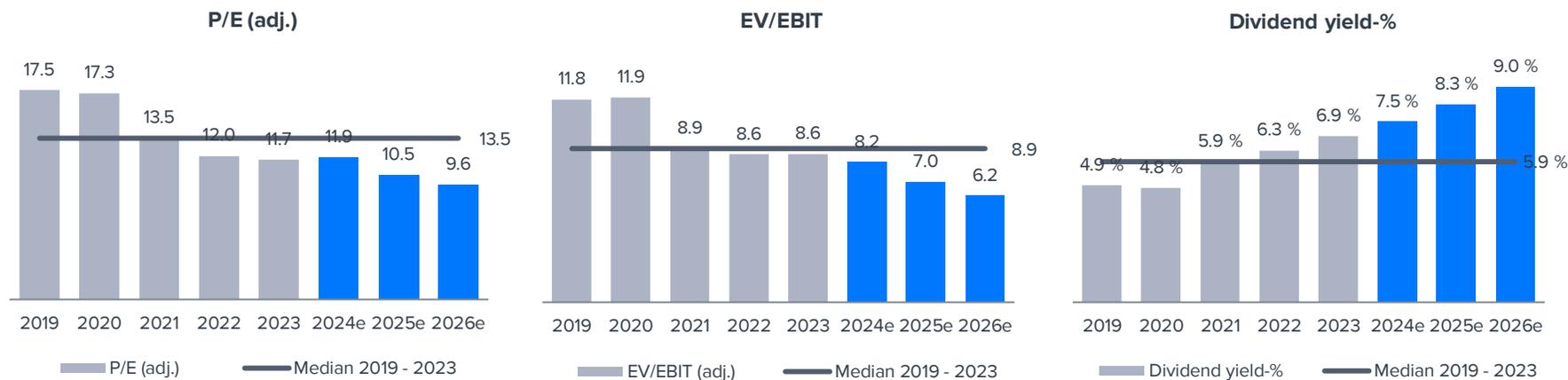
	2024e	2025e	2026e
Share price	14.6	14.6	14.6
Number of shares, millions	10.8	10.9	10.9
Market cap	158	158	158
EV	146	142	138
P/E (adj.)	11.9	10.5	9.6
P/E	11.9	10.5	9.6
P/B	2.9	2.8	2.6
P/S	2.9	2.6	2.5
EV/Sales	2.6	2.4	2.1
EV/EBITDA	7.2	6.3	5.6
EV/EBIT (adj.)	8.2	7.0	6.2
Payout ratio (%)	89.5 %	85.9 %	85.3 %
Dividend yield-%	7.5 %	8.3 %	9.0 %

Source: Inderes

Valuation table

	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	8.80	10.7	13.6	14.2	14.4	14.6	14.6	14.6	14.6
Number of shares, millions	10.4	10.4	10.4	10.6	10.8	10.8	10.9	10.9	11.0
Market cap	92	112	141	151	155	158	158	158	158
EV	79	102	129	142	147	146	142	138	132
P/E (adj.)	17.5	17.3	13.5	12.0	11.7	11.9	10.5	9.6	8.4
P/E	20.7	17.9	13.7	12.0	11.7	11.9	10.5	9.6	8.4
P/B	2.5	2.9	3.2	3.2	3.0	2.9	2.8	2.6	2.4
P/S	2.8	3.3	3.2	3.1	3.0	2.9	2.6	2.5	2.3
EV/Sales	2.4	3.0	2.9	2.9	2.8	2.6	2.4	2.1	1.9
EV/EBITDA	10.4	10.2	8.1	7.7	7.6	7.2	6.3	5.6	4.7
EV/EBIT (adj.)	11.8	11.9	8.9	8.6	8.6	8.2	7.0	6.2	5.2
Payout ratio (%)	101.2 %	85.4 %	80.3 %	76.4 %	81.1 %	89.5 %	85.9 %	85.3 %	81.1 %
Dividend yield-%	4.9 %	4.8 %	5.9 %	6.3 %	6.9 %	7.5 %	8.3 %	9.0 %	9.8 %

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
Alexandria	76	72	7.0	6.6	5.7	5.4	1.6	1.5	9.7	10.1	8.3	8.0	2.3
Aktia	660								7.1	7.2	9.2	9.0	0.9
CapMan	316	383	13.2	8.8	12.6	8.6	5.9	5.1	17.4	10.5	6.0	11.4	2.5
eQ	576	543	13.6	11.5	13.1	11.2	7.7	6.7	18.0	15.6	5.8	6.7	7.4
Evli	503	455	9.8	8.4	8.6	7.7	3.9	3.6	15.0	12.9	7.6	9.0	3.7
Oma Säästöpankki	713								6.1	6.7	5.3	5.7	1.0
Taaleri	274	244	8.7	7.5	8.6	7.4	4.1	3.9	14.5	11.7	5.5	5.7	1.4
Titanium	154	138	10.4	9.8	10.0	9.2	5.1	4.7	14.5	13.6	7.5	7.9	7.5
United Bankers (Inderes)	158	142	8.2	7.0	7.2	6.3	2.6	2.4	11.9	10.5	7.5	8.3	2.9
Average			10.4	8.8	9.8	8.3	4.7	4.2	12.8	11.0	6.9	7.9	3.3
Median			10.1	8.6	9.3	8.2	4.6	4.3	14.5	11.1	6.8	7.9	2.4
Diff-% to median			-19%	-19%	-23%	-23%	-43%	-45%	-18%	-6%	11%	4%	23%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	H1'23	H2'23	2023	H1'24e	H2'24e	2024e	2025e	2026e	2027e
Revenue	48.6	24.7	27.5	52.2	28.0	27.3	55.3	60.3	64.4	69.9
EBITDA	18.4	8.0	11.1	19.2	10.4	10.1	20.5	22.8	24.7	27.9
Depreciation	-1.9	-1.0	-1.2	-2.2	-1.2	-1.3	-2.5	-2.4	-2.5	-2.6
EBIT (excl. NRI)	16.5	7.0	10.0	17.0	9.2	8.8	18.0	20.4	22.2	25.2
EBIT	16.5	7.0	10.0	17.0	9.2	8.8	18.0	20.4	22.2	25.2
Net financial items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PTP	16.5	7.0	10.0	17.0	9.2	8.8	18.0	20.4	22.2	25.2
Taxes	-3.6	-1.6	-1.6	-3.1	-1.9	-1.8	-3.8	-4.3	-4.7	-5.3
Minority interest	-0.3	-0.1	-0.5	-0.5	-0.3	-0.6	-0.9	-0.9	-0.9	-0.9
Net earnings	12.5	5.4	7.9	13.3	7.0	6.3	13.3	15.2	16.6	19.0
EPS (adj.)	1.18	0.50	0.74	1.23	0.64	0.59	1.23	1.40	1.52	1.73
EPS (rep.)	1.18	0.50	0.74	1.23	0.64	0.59	1.23	1.40	1.52	1.73

Key figures	2022	H1'23	H2'23	2023	H1'24e	H2'24e	2024e	2025e	2026e	2027e
Revenue growth-%	10.9 %	5.9 %	9.0 %	7.5 %	13.3 %	-0.7 %	5.9 %	9.1 %	6.8 %	8.5 %
Adjusted EBIT growth-%	14.4 %	-5.9 %	9.9 %	2.8 %	31.5 %	-12.0 %	5.9 %	13.3 %	9.1 %	13.6 %
EBITDA-%	37.9 %	32.5 %	40.5 %	36.7 %	37.1 %	37.0 %	37.0 %	37.7 %	38.4 %	39.9 %
Adjusted EBIT-%	34.0 %	28.3 %	36.3 %	32.5 %	32.8 %	32.2 %	32.5 %	33.8 %	34.5 %	36.1 %
Net earnings-%	25.8 %	21.7 %	28.8 %	25.5 %	24.9 %	23.2 %	24.0 %	25.2 %	25.8 %	27.2 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	32.0	32.8	33.3	34.0	34.6
Goodwill	15.6	15.6	15.6	15.6	15.6
Intangible assets	5.1	6.1	6.9	7.8	8.5
Tangible assets	2.7	2.9	2.5	2.4	2.4
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	8.6	8.2	8.2	8.2	8.2
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	39.6	43.3	46.5	50.7	55.2
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	28.8	32.7	32.7	32.7	32.7
Receivables	1.2	1.2	1.4	1.5	1.6
Cash and equivalents	9.5	9.4	12.4	16.5	20.9
Balance sheet total	71.6	76.1	79.8	84.7	89.8

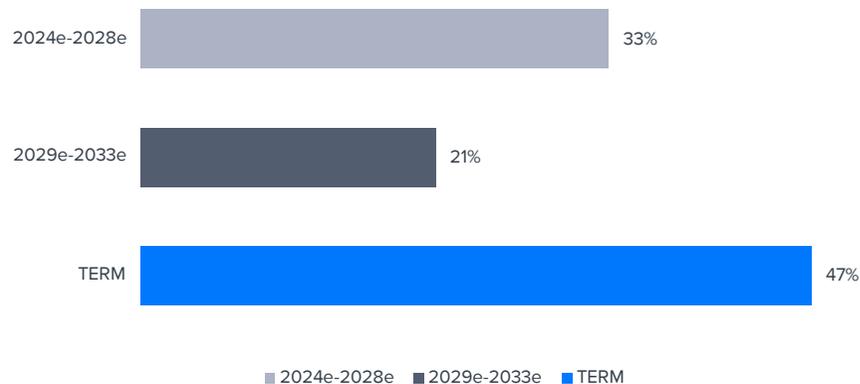
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	48.1	51.6	55.0	59.2	63.7
Share capital	5.5	5.5	5.5	5.5	5.5
Retained earnings	17.6	22.8	25.3	28.6	32.2
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	24.6	22.9	22.9	22.9	22.9
Other equity	0.0	0.0	0.0	0.0	0.0
Minorities	0.4	0.4	1.3	2.2	3.1
Non-current liabilities	2.5	3.0	3.0	3.0	3.0
Deferred tax liabilities	2.5	3.0	3.0	3.0	3.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	0.0	0.0	0.0	0.0	0.0
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	21.0	21.5	21.8	22.5	23.1
Interest bearing debt	0.0	0.0	0.0	0.0	0.0
Payables	7.8	8.1	8.3	9.0	9.7
Other current liabilities	13.2	13.5	13.5	13.5	13.5
Balance sheet total	71.6	76.1	79.8	84.7	89.8

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	7.5 %	5.9 %	9.1 %	6.8 %	8.5 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	2.5 %	2.5 %
EBIT-%	32.5 %	32.5 %	33.8 %	34.5 %	36.1 %	33.0 %	30.0 %	28.0 %	28.0 %	27.0 %	27.0 %	27.0 %
EBIT (operating profit)	17.0	18.0	20.4	22.2	25.2	23.8	22.3	21.4	22.0	21.9	22.4	
+ Depreciation	2.2	2.5	2.4	2.5	2.6	2.8	2.9	3.0	3.2	3.3	3.3	
- Paid taxes	-2.6	-3.8	-4.3	-4.7	-5.3	-5.0	-4.7	-4.5	-4.6	-4.6	-4.7	
- Tax, financial expenses	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	
- Change in working capital	-3.4	0.1	0.6	0.5	0.7	0.3	0.3	0.3	0.3	0.3	0.3	
Operating cash flow	13.2	16.8	19.1	20.6	23.3	21.8	20.7	20.2	20.8	20.8	21.3	
+ 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	
- Gross CAPEX	-3.0	-3.0	-3.1	-3.1	-3.3	-3.3	-3.5	-3.5	-3.6	-3.6	-3.9	
Free operating cash flow	10.2	13.8	16.0	17.4	20.0	18.5	17.2	16.7	17.3	17.2	17.4	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	10.2	13.8	16.0	17.4	20.0	18.5	17.2	16.7	17.3	17.2	17.4	238
Discounted FCFF		12.7	13.4	13.3	13.8	11.6	9.9	8.7	8.1	7.4	6.8	92.9
Sum of FCFF present value		198	186	172	159	145	134	124	115	107	99.7	92.9
Enterprise value DCF		198										
- Interest bearing debt		0.0										
+ Cash and cash equivalents		9.4										
-Minorities		-0.8										
-Dividend/capital return		0.0										
Equity value DCF		207										
Equity value DCF per share		19.1										

Cash flow distribution



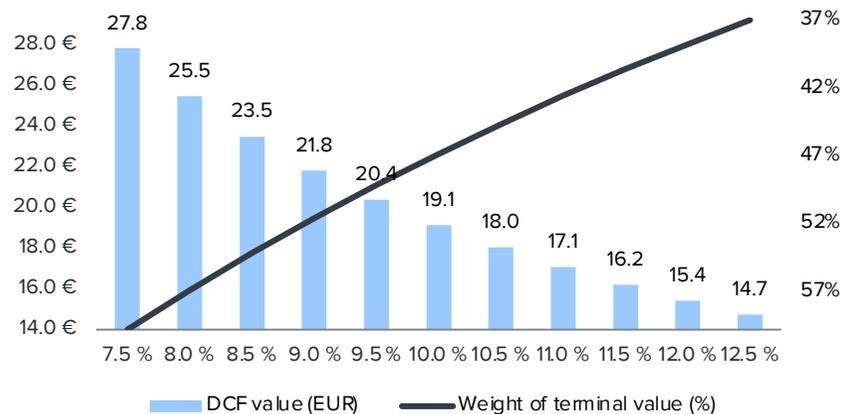
WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	5.0 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	1.80%
Risk free interest rate	2.5 %
Cost of equity	10.0 %
Weighted average cost of capital (WACC)	10.0 %

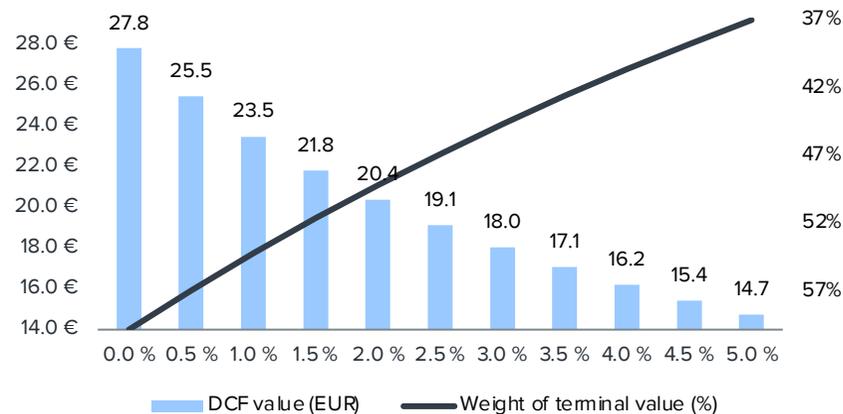
Source: Inderes

DCF sensitivity calculations and key assumptions in graphs

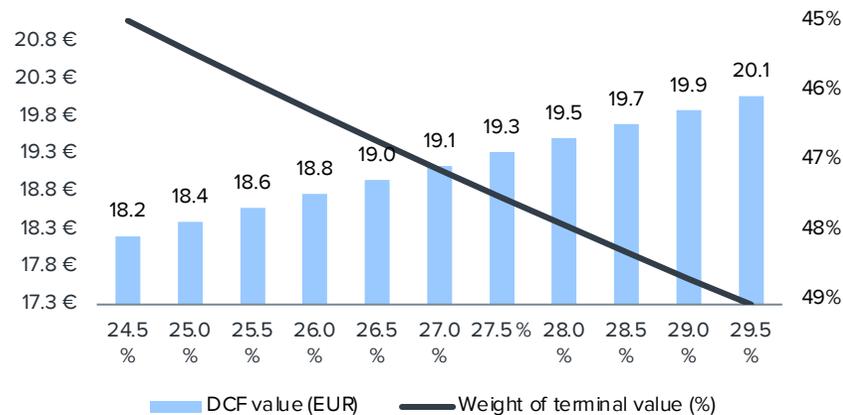
Sensitivity of DCF to changes in the WACC-%



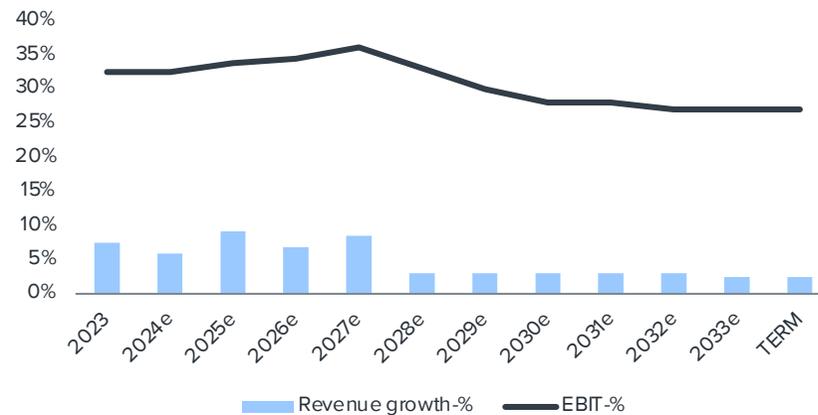
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	43.8	48.6	52.2	55.3	60.3	EPS (reported)	1.00	1.18	1.23	1.23	1.40
EBITDA	15.9	18.4	19.2	20.5	22.8	EPS (adj.)	1.01	1.18	1.23	1.23	1.40
EBIT	14.3	16.5	17.0	18.0	20.4	OCF / share	1.37	0.74	1.22	1.55	1.76
PTP	14.3	16.5	17.0	18.0	20.4	FCF / share	0.90	0.53	0.94	1.27	1.47
Net Income	10.3	12.5	13.3	13.3	15.2	Book value / share	4.19	4.50	4.75	4.96	5.24
Extraordinary items	-0.1	0.0	0.0	0.0	0.0	Dividend / share	0.80	0.90	1.00	1.10	1.20
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	78.2	71.6	76.1	79.8	84.7	Revenue growth-%	27%	11%	7%	6%	9%
Equity capital	44.3	48.1	51.6	55.0	59.2	EBITDA growth-%	58%	16%	4%	7%	11%
Goodwill	15.6	15.6	15.6	15.6	15.6	EBIT (adj.) growth-%	68%	14%	3%	6%	13%
Net debt	-13.1	-9.5	-9.4	-12.4	-16.5	EPS (adj.) growth-%	62%	17%	4%	0%	14%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	36.3 %	37.9 %	36.7 %	37.0 %	37.7 %
EBITDA	15.9	18.4	19.2	20.5	22.8	EBIT (adj.)-%	33.0 %	34.0 %	32.5 %	32.5 %	33.8 %
Change in working capital	1.4	-8.1	-3.4	0.1	0.6	EBIT-%	32.7 %	34.0 %	32.5 %	32.5 %	33.8 %
Operating cash flow	14.2	7.8	13.2	16.8	19.1	ROE-%	25.1 %	27.5 %	26.9 %	25.4 %	27.5 %
CAPEX	-4.8	-2.3	-3.0	-3.0	-3.1	ROI-%	32.8 %	35.0 %	34.1 %	33.7 %	35.7 %
Free cash flow	9.4	5.6	10.2	13.8	16.0	Equity ratio	56.7 %	67.1 %	67.8 %	68.9 %	69.8 %
						Gearing	-29.5 %	-19.8 %	-18.1 %	-22.5 %	-27.9 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	2.9	2.9	2.8	2.6	2.4						
EV/EBITDA (adj.)	8.1	7.7	7.6	7.2	6.3						
EV/EBIT (adj.)	8.9	8.6	8.6	8.2	7.0						
P/E (adj.)	13.5	12.0	11.7	11.9	10.5						
P/B	3.2	3.2	3.0	2.9	2.8						
Dividend-%	5.9 %	6.3 %	6.9 %	7.5 %	8.3 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
8/23/2019	Reduce	7.50 €	7.40 €
12/16/2019	Sell	8.20 €	9.35 €
12/20/2019	Sell	8.20 €	8.95 €
2/7/2020	Reduce	9.00 €	9.45 €
3/3/2020	Reduce	9.00 €	8.90 €
3/23/2020	Reduce	6.40 €	6.90 €
5/14/2020	Reduce	7.50 €	7.75 €
6/8/2020	Reduce	8.00 €	7.95 €
8/27/2020	Reduce	8.80 €	9.00 €
10/26/2020	Reduce	9.00 €	9.30 €
2/22/2021	Reduce	11.00 €	12.80 €
5/26/2021	Reduce	13.00 €	13.15 €
8/27/2021	Reduce	12.50 €	14.30 €
9/24/2021	Reduce	14.00 €	13.60 €
2/21/2022	Reduce	14.00 €	13.95 €
4/11/2022	Reduce	14.00 €	13.70 €
8/29/2022	Reduce	14.00 €	13.85 €
2/6/2023	Accumulate	16.00 €	14.30 €
2/20/2023	Accumulate	16.00 €	14.80 €
8/25/2023	Accumulate	16.00 €	14.80 €
2/19/2024	Accumulate	17.00 €	14.60 €



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