

Scanfil

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Edullinen hintataso kompensoi epävarmuuksia" published on 10/30/2023 at 7:52 am EET

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Low price level compensates for uncertainties

The overall picture of Scanfil's Q3 report published on Friday was somewhat neutral relative to the lowered expectations, as the result was in line with our expectations and the report did not dispel the uncertainty surrounding next year's outlook. We only made marginal estimate changes for the coming years after the report. We reiterate our EUR 9.00 target price and Accumulate recommendation for Scanfil. In our opinion, the share valuation is very moderate (2024e: P/E 11x, EV/EBIT 8x). Thus, we feel you can now jump on board the company's strong long-term investment story with a comfortable return/risk ratio thanks to the near-term softness and uncertainty.

No surprises on offer after the profit warning

Scanfil's reported turnover was at the level of the good comparison period in Q3 at EUR 212 million, which marginally exceeded our forecast. Organic growth adjusted for spot purchases was at a good level of 9% relative to history. By segment, growth started to polarize in Q3, as Connectivity and Energy&Cleantech continued to grow at a strong 30-40% growth rate, while comparable sales in other segments remained stable or decreased in Q3. Scanfil's EBIT increased in Q3 from the comparison level plagued by supply chain problems by 32% to EUR 15.2 million, which was in practice the same as our estimate. Profitability (EBIT-%) increased marginally above Scanfil's target level of 7% for the second quarter in a row due to high turnover and increased efficiency thanks to good capacity utilization, and successful inflation management. We commented on Scanfil's Q3 numbers in more detail on Friday [here](#).

We made no major changes to our estimates after the report

Scanfil naturally reiterated its recent guidance and it expects turnover for 2023 to be EUR 880-920 million and adjusted EBIT to be EUR 60-66 million. Based on the comments, the demand outlook for the rest of the year is still good, but the report did not disperse the uncertainties related to next year. The clearest risks are still especially related to maintaining demand that is dependent on the global economy. In light of the order flows that were under pressure in the technology industry during Q3 and the recent macro data from Europe and China we feel these risks are not on a downward trend. We only made marginal estimate revisions for this and coming years after the report. This year, Scanfil will generate a strong result and we expect the company to reach roughly the mid-point of its guidance ranges. We estimate that Scanfil's turnover and earnings will decline organically slightly next year and return to a moderate growth path in 2025, when the economic situation has picked up and a slight decrease in interest rates again supports investment-driven demand. We stress that the estimate risks work both ways, because as economic growth recovers and the rapid green transition continues there could still be upside in our estimates

Low valuation and a strong long-term story support further purchases

Based on Scanfil's slightly declining result, the 2024 P/E ratio is 11x and the corresponding EV/EBIT ratio is 8x. The ratios are below the company's moderate 5-year medians and relatively neutral compared to the peer group. Thus, the share's valuation is attractive after the recent price decline, as already in the medium term we believe in the value creation of both a company with a strong track record and an industry with favorable trends (incl. the green transition, higher outsourcing rates, supply chains moving West, etc.). Therefore, we find the share's expected return consisting of the upside in the valuation and the good 3% dividend yield sufficient, even though the earnings growth driver may turn temporarily negative in 2024. The DCF value that is above our target price also indicates that the share price is cheap.

Recommendation

Accumulate

(previous Accumulate)

EUR 9.00

(previous EUR 9.00)

Share price:

EUR 7.38



Key figures

	2022	2023e	2024e	2025e
Revenue	844	899	852	892
growth-%	21%	7%	-5%	5%
EBIT adj.	45.4	62.9	59.0	62.0
EBIT-% adj.	5.4 %	7.0 %	6.9 %	7.0 %
Net Income	35.0	48.3	43.0	47.7
EPS (adj.)	0.54	0.74	0.66	0.73

P/E (adj.)	12.1	10.0	11.2	10.1
P/B	1.9	1.8	1.7	1.5
Dividend yield-%	3.2 %	3.1 %	3.4 %	3.7 %
EV/EBIT (adj.)	11.2	8.8	8.3	7.4
EV/EBITDA	8.1	6.8	6.2	5.5
EV/S	0.6	0.6	0.6	0.5

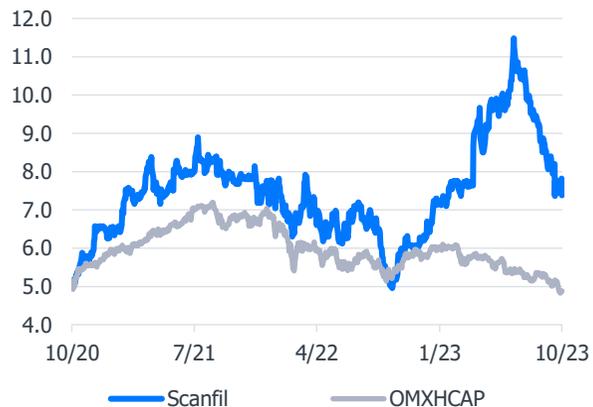
Source: Inderes

Guidance

(Unchanged)

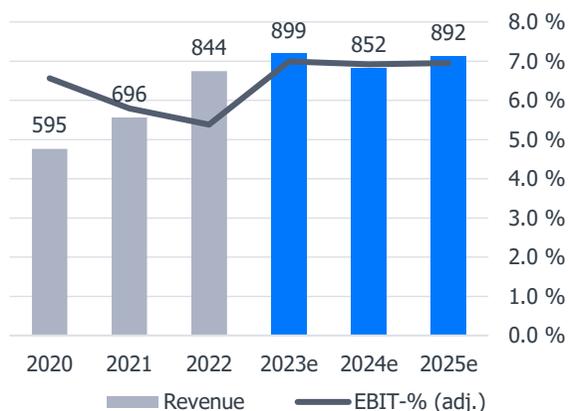
Scanfil estimates that in 2023, its turnover is around EUR 880-920 million and adjusted operating profit EUR 60-66 million

Share price



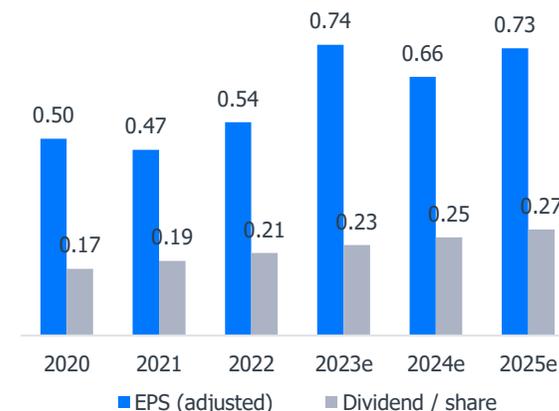
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Organic growth with the market and key customers
- Benefiting from the green trend
- Accelerating growth through M&A
- Strong financial track record
- Increase in acceptable valuation



Risk factors

- Demand comes partly from somewhat cyclical sectors
- Tightening competition and changes in the competitive field
- Limited pricing power
- Inflation

Valuation	2023e	2024e	2025e
Share price	7.38	7.38	7.38
Number of shares, million:	65.3	65.3	65.3
Market cap	482	482	482
EV	554	490	457
P/E (adj.)	10.0	11.2	10.1
P/E	10.0	11.2	10.1
P/B	1.8	1.7	1.5
P/S	0.5	0.6	0.5
EV/Sales	0.6	0.6	0.5
EV/EBITDA	6.8	6.2	5.5
EV/EBIT (adj.)	8.8	8.3	7.4
Payout ratio (%)	31.1 %	38.0 %	36.9 %
Dividend yield-%	3.1 %	3.4 %	3.7 %

Source: Inderes

Performance corresponded to the expectations updated after the profit warning

Good organic growth continued in Q3

Scanfil's reported turnover was at the level of the good comparison period in Q3 at EUR 212 million, which marginally exceeded our forecast. When the figures are adjusted for the clearly lower spot purchases in Q3 due to improved component availability from the comparison period that were slightly higher than we expected, organic growth was at a very strong 9% level relative to Scanfil's history. We estimate that comparable growth was volume-driven, although prices have probably also increased slightly driven by inflation. Growth by segment started to polarize in Q3 as Energy&Cleantech and Connectivity continued to grow strongly by 30-40%. In other segments, comparable sales were stable or decreased in Q3.

Profitability exceeded the company's target level slightly in Q3 for the second quarter in a row

Scanfil's EBIT increased in Q3 from a subdued comparison level burdened by supply chain problems by 32% to EUR 15.2 million, which was in practice the same as our estimate. Profitability (EBIT-%) increased marginally above Scanfil's target level of 7% for the second quarter in a row due to high turnover, efficiency supported by good capacity utilization, and successful inflation management. There were no surprises in the lower rows of the income statement on net, so EPS, which increased clearly to EUR 0.17 from the comparison period with the operational result, was exactly in line with our expectations.

In terms of cash flow, we feel the report was not particularly strong, especially relative to the typical seasonality of Q3, as working capital was still committed (typically working capital starts to be seasonally released toward the end of the year). Therefore, we do not

consider the EUR 10 million operating cash flow achieved in Q3 to be particularly good relative to the result, the slowdown in growth and the amount of working capital previously committed to the balance sheet, even though cash flow continued improving from the negative comparison level.

No major fluctuations in the balance sheet

Scanfil's equity ratio was 33 % (Q3'22: 44 %) and gearing 48 % (Q3'22: 43 %). Thus, the balance sheet is in good condition. Inventory recycling at an even larger scale to cash would clearly support the company's leeway, especially considering likely acquisitions in the medium term and even for continuing organic investments in the short term. Lowering of inventory levels also appears to be high on the company's list of priorities. Naturally, the silver lining of decelerating growth should also be improved cash flow, so in Q4 (and Q1) we monitor cash flow especially closely.

Estimates MEUR / EUR	Q3'22	Q3'23	Q3'23e	Q3'23e	Consensus		Difference (%)	2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	212	212	210				1%	899
EBIT	11.5	15.2	15.0				1%	62.9
PTP	9.8	14.6	14.2				3%	61.7
EPS (reported)	0.15	0.17	0.17				0%	0.74
Revenue growth-%	26.3 %	0.0 %	-0.9 %				0.9 pp	6.5 %
EBIT-% (adj.)	5.4 %	7.2 %	7.1 %				0 pp	7.0 %

Source: Inderes

2024 shrouded in mystery, neutral scenario still expects a slight earnings decrease

The outlook for the rest of the year is good, next year is open

Scanfil naturally reiterated its recent guidance and it expects turnover for 2023 to be EUR 880-920 million and adjusted EBIT to be EUR 60-66 million. According to the comments, the demand outlook for Q4 is still pretty good. The report did not dispel the uncertainties related to next year, as the company hardly commented on the outlook at all. The company's visibility, especially over the winter, is also likely to be weak.

Scanfil's main risks are still related especially to maintaining strong demand that is dependent on the global economy. In our opinion, these risks are even on the rise due to the newsflow from the technology industry (Scanfil's customer base) and recent macro data from European and Chinese industries. For example, many technology industry companies have reported a slowdown in order growth and even negative growth in

their Q3 reports (the trend was similar already in Q2). In addition, Scanfil's profit warning in October is also fresh in our mind, although it was not particularly dramatic for the rest of the year.

We made no significant estimate revisions

We only made marginal estimate revisions for this and coming years after the report. Scanfil will take a big earnings leap (2023e: adj. EBIT growth of 38 %) this year. Our estimates are at the mid-point of the guidance range in terms of turnover and EBIT. We now estimate that Scanfil's turnover and earnings will decline organically slightly next year in a weakening demand environment and return to a moderate growth path in 2025, when the economic situation has picked up and a slight decrease in interest rates again supports investment-driven demand. Thanks to Scanfil's relatively flexible cost structure, we expect the company to be able to maintain a good profitability level also next year, even if turnover would

decrease slightly. We stress that the estimate risks work both ways, because as economic growth recovers and the rapid green transition continues there could still be upside in our estimates

A strategy update is unexpectedly on its way

Scanfil's new CEO Christophe Sut said in his review that he is working on a strategy update, which we feel is a very normal step when the CEO changes. The update will be announced in early 2024. In principle, we do not expect large revisions in Scanfil's profitable growth strategy that seems to be working. According to the comments, accelerating growth and positioning in the fastest growing segments seems to be high on the management agenda, but the basics of the industry, such as continuous efficiency improvement, will also be an integral part of the strategy.

Estimate revisions MEUR / EUR	2023e	2023e	Change %	2024e	2024e	Change %	2025e	2025e	Change %
	Old	New		Old	New		Old	New	
Revenue	891	899	1%	852	852	0%	890	892	0%
EBIT (exc. NRIs)	62.1	62.9	1%	60.0	59.0	-2%	62.0	62.0	0%
EBIT	62.1	62.9	1%	60.0	59.0	-2%	62.0	62.0	0%
PTP	60.8	61.7	1%	58.3	57.3	-2%	61.2	61.2	0%
EPS (excl. NRIs)	0.73	0.74	1%	0.67	0.66	-2%	0.73	0.73	0%
DPS	0.23	0.23	0%	0.25	0.25	0%	0.27	0.27	0%

Source: Inderes

All key valuation indicators are green

Multiples are still reasonable

In our estimate, Scanfil's P/E ratios for 2023 and 2024 are around 10x and 11x, while the corresponding EV/EBIT ratios are some 9x and 8x. We expect the dividend yield for the next few years to be around 3% as a result of the company's good performance. However, we do not deem dividends very significant for Scanfil's expected returns, as its profile is one of a growth company, even if the dividends of the next few years provide a reasonable base return.

Earnings-based valuation is quite clearly below the company's historical median, also with our slightly declining earnings forecasts for next year. Thus, we find Scanfil's valuation moderated considering the strengthened performance in the last 5-10 years and the risk profile (incl. a wider customer portfolio) that has lowered with successful acquisitions and organic growth.

Scanfil's track record of profitable growth is impressive and we believe that the company's historical valuation has been largely driven by the nature and reputation of the industry perceived as chronically difficult. Given the recent performance, P/E ratio 12x-16x and EV/EBIT ratio 10x-13x are easily acceptable levels for Scanfil. However, the current environment of higher interest rates and the likely downward earnings trend in the near future favor leaning on the lower ends in the near term. We feel the expected return that consists of a slight decrease in earnings, a dividend yield of good 3% and an upside in multiples (Q3'23 LTM P/E 10x) already exceeds the required return of the share quite clearly. For the medium term, the expected return is also good, and we expect the share to be supported again by earnings growth from 2025 onwards.

Balance sheet value is cheap relative to achieved ROE

Scanfil's P/B ratio 1.9x (2023e) is also moderate relative to the adjusted ROE of the last five years of around 18%. With these figures, Scanfil's retrospective static earnings return is 9%, which alone slightly exceeds our required return. Thus, Scanfil's strong medium- and long-term potential for profitable growth is in our view hardly priced in the share at all.

Peer valuation is moderate

When compared to the peer group that consists of global contract manufacturers, Scanfil's earnings-based valuation is quite neutral for the near term. We believe that Scanfil deserves a small premium due to its long-term track record and positioning in industrial electronics with better margin potential. We do not see peer valuation as an essential driver for Scanfil's pricing, but relative valuation should not prevent the realization of our expected return.

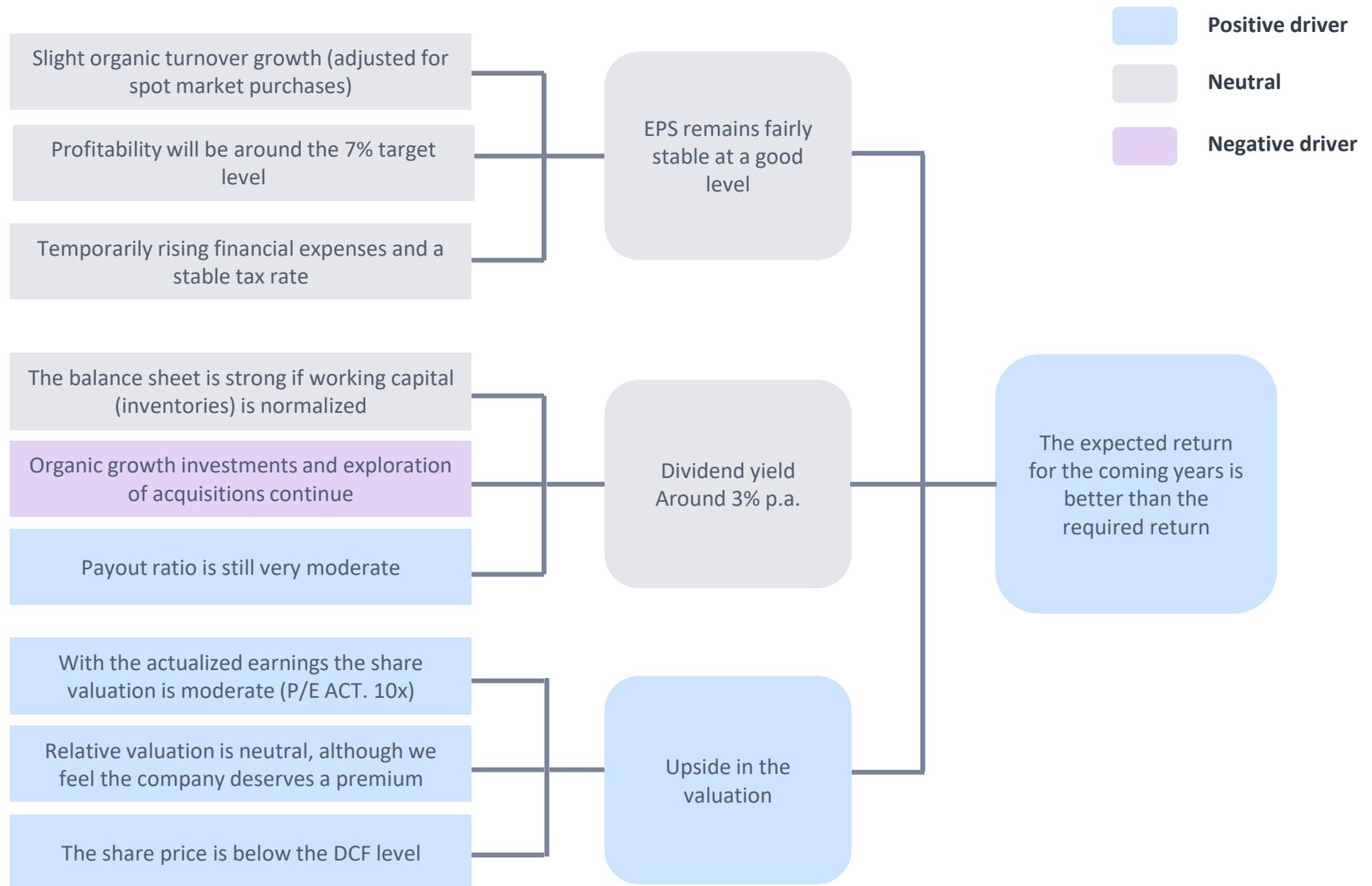
DCF value clearly above the share price

Our DCF model for Scanfil is also above our target price at good EUR 9 per share. Thus, also in light of DCF, the share's valuation is cheap in our view. We also feel the parameters of the model are quite conservative, as the growth rate we expect is slower than the company's actual performance in the previous decade and average profitability corresponds to Scanfil's realized margin level. The required return (WACC-%) is also 9%. Considering these factors and Scanfil's reasonable long-term predictability, we also give a reasonable weight to Scanfil's DCF signals despite the chronic inaccuracy of the method.

Valuation	2023e	2024e	2025e
Share price	7.38	7.38	7.38
Number of shares, million	65.3	65.3	65.3
Market cap	482	482	482
EV	554	490	457
P/E (adj.)	10.0	11.2	10.1
P/E	10.0	11.2	10.1
P/B	1.8	1.7	1.5
P/S	0.5	0.6	0.5
EV/Sales	0.6	0.6	0.5
EV/EBITDA	6.8	6.2	5.5
EV/EBIT (adj.)	8.8	8.3	7.4
Payout ratio (%)	31.1 %	38.0 %	36.9 %
Dividend yield-%	3.1 %	3.4 %	3.7 %

Source: Inderes

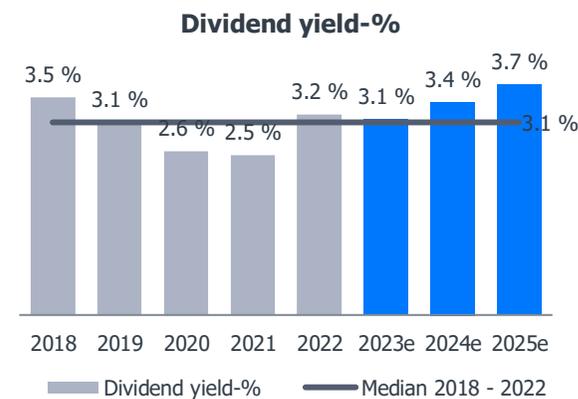
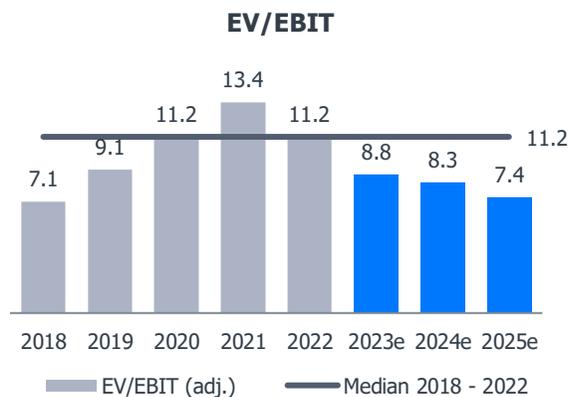
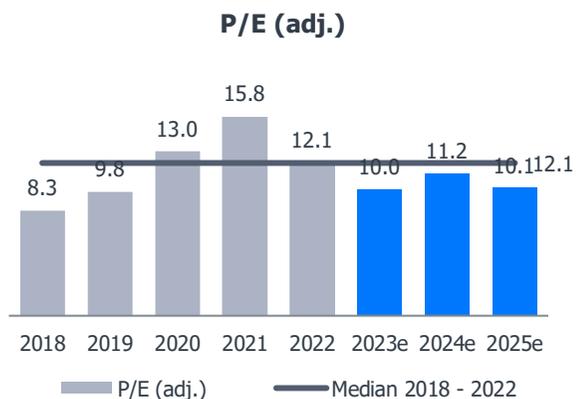
TSR drivers Q3'23 LTM-2025e



Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	3.75	4.89	6.52	7.46	6.58	7.38	7.38	7.38	7.38
Number of shares, millions	64.0	64.4	64.5	64.5	64.5	65.3	65.3	65.3	65.3
Market cap	240	313	420	481	424	482	482	482	482
EV	268	359	439	541	510	554	490	457	423
P/E (adj.)	8.3	9.8	13.0	15.8	12.1	10.0	11.2	10.1	9.4
P/E	8.3	11.2	11.4	16.2	12.1	10.0	11.2	10.1	9.4
P/B	1.7	1.9	2.3	2.3	1.9	1.8	1.7	1.5	1.4
P/S	0.4	0.5	2.3	0.7	0.5	0.5	0.6	0.5	0.5
EV/Sales	0.5	0.6	0.7	0.8	0.6	0.6	0.6	0.5	0.4
EV/EBITDA	5.7	6.8	7.2	9.8	8.1	6.8	6.2	5.5	4.8
EV/EBIT (adj.)	7.1	9.1	11.2	13.4	11.2	8.8	8.3	7.4	6.4
Payout ratio (%)	28.8 %	34.2 %	29.7 %	41.1 %	38.7 %	31.1 %	38.0 %	36.9 %	40.0 %
Dividend yield-%	3.5 %	3.1 %	2.6 %	2.5 %	3.2 %	3.1 %	3.4 %	3.7 %	4.3 %

Source: Inderes



Peer group valuation

Peer group valuation Company	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Incap	178	182	7.6	5.9	6.8	5.0	0.8	0.7	8.7	7.9		0.8	1.7
Kitron	512	648	9.2	9.0	7.4	7.2	0.8	0.8	9.9	9.9	3.5	4.1	3.3
Hanza	221	269	9.4	8.3	6.7	5.9	0.8	0.7	11.5	10.1	2.0	2.3	2.2
Pegatron	5948	6891	13.3	10.5	7.2	6.1	0.2	0.2	13.5	11.7	5.2	5.8	1.1
Celestica	2672	3235	8.5	7.8	6.1	5.7	0.4	0.4	9.6	8.5			1.8
Flextronics	10537	11347	8.6	7.4	6.5	5.7	0.4	0.4	11.1	10.1			2.7
Foxconn	39673	37141	7.8	6.9	5.1	4.6	0.2	0.2	11.0	8.9	5.1	5.4	0.9
Jabil	14821	16105	10.0	9.4	6.4	6.4	0.5	0.5	14.4	12.8	0.3	0.3	5.4
Hana Microelectronics	1236	1154	18.8	16.0	10.7	9.4	1.6	1.4	18.5	15.8	2.4	2.9	1.8
TT Electronics	331	483	8.1	7.5	6.0	5.6	0.7	0.7	8.6	7.8	4.1	4.5	0.9
Fabrinet	5219	4704	17.4	16.7	15.1	14.3	1.9	1.8	20.0	18.8			3.7
Universal Scientific	3907	3761	12.6	11.0	8.2	7.0	0.5	0.4	13.8	11.5	2.4	2.5	1.8
Venture Corporation	2319	1716	7.1	6.6	6.4	6.0	0.8	0.7	11.2	10.4	6.5	6.6	1.1
Plexus	2459	2624	13.4	11.9	9.9	9.0	0.7	0.6	17.1	16.2			2.4
Katek	149	189	16.8	6.5	5.2	3.5	0.2	0.2	33.6	8.7			0.9
Lacroix	126	298	11.3	9.0	6.0	5.3	0.4	0.4	8.0	6.2	3.8	4.9	0.7
Scanfil (Inderes)	482	554	8.8	8.3	6.8	6.2	0.6	0.6	10.0	11.2	3.1	3.4	1.8
Average			11.2	9.4	7.5	6.7	0.7	0.6	13.8	11.0	3.5	3.6	2.0
Median			9.7	8.6	6.6	5.9	0.6	0.6	11.3	10.1	3.6	4.1	1.8
Diff-% to median			-9%	-4%	2%	4%	7%	1%	-12%	11%	-14%	-18%	3%

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	696	197	213	212	222	844	225	243	213	218	899	852	892	944
Advanced Consumer Applications	205	55.0	68.7	67.8	56.3	248	51.3	57.9	49.9	42.0	201	179	188	198
Automation & Safety	145	42.6	45.6	44.2	51.4	184	52.5	47.5	42.2	47.0	189	183	190	200
Connectivity	33.1	10.8	9.1	7.8	10.8	38.5	13.2	12.6	10.9	11.5	48.2	47.0	49.0	51.0
Energy & Cleantech	182	54.6	53.5	53.1	61.3	223	67.5	86.0	73.6	78.0	305	290	305	325
Medtec & Life Science	121	33.7	36.0	39.0	42.5	151	40.0	39.4	36.2	39.5	155	153	160	170
EBITDA	55.0	14.3	14.4	16.1	18.1	62.9	19.8	22.2	20.0	20.0	82.1	79.4	83.6	88.4
Depreciation	-15.4	-4.0	-4.2	-4.6	-4.7	-17.5	-4.7	-4.7	-4.8	-5.0	-19.2	-20.4	-21.6	-22.4
EBIT (excl. NRI)	40.3	10.3	10.2	11.5	13.4	45.4	15.1	17.5	15.2	15.0	62.9	59.0	62.0	66.0
EBIT	39.6	10.3	10.2	11.5	13.4	45.4	15.1	17.5	15.2	15.0	62.9	59.0	62.0	66.0
Advanced Consumer Applications	40.3	10.3	10.2	11.5	13.4	45.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Automation & Safety	-0.7	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
Connectivity	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
Energy & Cleantech	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
Medtec & Life Science	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 financial items	-1.9	-1.0	-0.3	-1.7	-0.7	-3.7	-0.6	0.9	-0.6	-0.8	-1.1	-1.7	-0.8	-0.3
PTP	37.7	9.3	9.8	9.8	12.7	41.7	14.5	18.4	14.6	14.2	61.7	57.3	61.2	65.7
Taxes	-7.9	-1.3	-2.7	-0.4	-2.3	-6.7	-2.8	-3.9	-3.5	-3.1	-13.4	-14.3	-13.5	-14.5
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	29.8	8.0	7.1	9.4	10.4	35.0	11.7	14.5	11.0	11.1	48.3	43.0	47.7	51.3
EPS (adj.)	0.47	0.12	0.11	0.15	0.16	0.54	0.18	0.22	0.17	0.17	0.74	0.66	0.73	0.79
EPS (rep.)	0.46	0.12	0.11	0.15	0.16	0.54	0.18	0.22	0.17	0.17	0.74	0.66	0.73	0.79
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-%	16.9 %	20.4 %	23.1 %	26.3 %	16.0 %	21.3 %	14.2 %	14.3 %	0.4 %	-1.9 %	6.5 %	-5.2 %	4.7 %	5.8 %
Adjusted EBIT growth-%	3.1 %	3.0 %	-3.6 %	21.7 %	30.5 %	12.7 %	46.6 %	71.8 %	32.4 %	11.9 %	38.4 %	-6.1 %	5.1 %	6.5 %
EBITDA-%	7.9 %	7.3 %	6.8 %	7.6 %	8.1 %	7.5 %	8.8 %	9.1 %	9.4 %	9.2 %	9.1 %	9.3 %	9.4 %	9.4 %
Adjusted EBIT-%	5.8 %	5.2 %	4.8 %	5.4 %	6.0 %	5.4 %	6.7 %	7.2 %	7.2 %	6.9 %	7.0 %	6.9 %	7.0 %	7.0 %
Net earnings-%	4.3 %	4.1 %	3.4 %	4.4 %	4.7 %	4.2 %	5.2 %	6.0 %	5.2 %	5.1 %	5.4 %	5.0 %	5.3 %	5.4 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	102	107	114	119	123
Goodwill	8.2	7.7	7.7	7.7	7.7
Intangible assets	12.9	10.8	10.9	11.0	11.1
Tangible assets	72.0	79.7	87.5	92.1	95.5
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.5	0.5	0.5	0.5	0.5
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	8.5	7.8	7.8	7.8	7.8
Current assets	372	419	444	387	411
Inventories	193	229	220	179	178
Other current assets	3.9	4.1	3.9	3.9	3.9
Receivables	149	165	189	170	174
Cash and equivalents	25.3	20.8	31.5	34.1	54.8
Balance sheet total	474	526	559	506	534

Source: Inderes

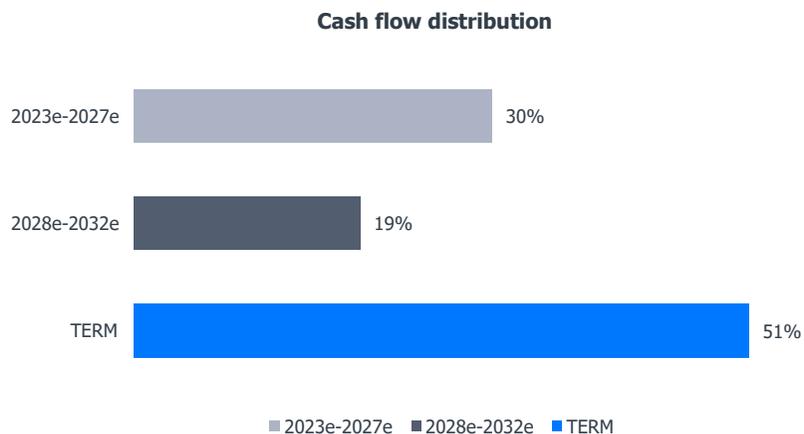
Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	207	227	261	289	321
Share capital	2.0	2.0	2.0	2.0	2.0
Retained earnings	172	195	230	258	289
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	33.4	29.5	29.5	29.5	29.5
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	68.0	61.8	77.1	38.0	30.4
Deferred tax liabilities	5.3	4.6	4.6	4.6	4.6
Provisions	0.7	0.8	0.8	0.8	0.8
Interest bearing debt	62.0	56.4	71.7	32.6	25.0
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	198	237	220	179	182
Interest bearing debt	23.2	49.9	32.4	9.5	5.0
Payables	172	184	184	166	174
Other current liabilities	3.0	3.5	3.5	3.5	3.5
Balance sheet total	474	526	559	506	534

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	21.3 %	6.5 %	-5.2 %	4.7 %	5.8 %	5.0 %	5.0 %	5.0 %	4.0 %	3.0 %	2.0 %	2.0 %
EBIT-%	5.4 %	7.0 %	6.9 %	7.0 %	7.0 %	6.8 %	6.7 %	6.6 %	6.5 %	6.4 %	6.4 %	6.4 %
EBIT (operating profit)	45.4	62.9	59.0	62.0	66.0	67.4	69.7	72.1	73.9	74.9	76.4	
+ Depreciation	17.5	19.2	20.4	21.6	22.4	22.1	21.8	21.6	21.5	21.4	21.5	
- Paid taxes	-6.7	-13.4	-14.3	-13.5	-14.5	-14.9	-15.5	-16.1	-16.5	-16.8	-17.3	
- Tax, financial expenses	-0.6	-0.3	-0.5	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	
+ Tax, financial income	0.0	0.0	0.1	0.1	0.2	0.3	0.4	0.5	0.6	0.6	0.7	
- Change in working capital	-39.9	-14.1	41.5	4.8	-1.0	-9.0	-9.4	-9.9	-8.3	-6.5	-4.4	
Operating cash flow	15.7	54.3	106	74.8	73.0	65.7	66.8	68.0	70.8	73.3	76.7	
+ 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	-22.6	-27.1	-25.1	-25.1	-21.1	-21.1	-21.1	-21.1	-21.1	-22.1	-23.3	
Free operating cash flow	-6.7	27.2	81.0	49.7	51.9	44.6	45.7	46.9	49.7	51.2	53.4	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-6.7	27.3	81.0	49.7	51.9	44.6	45.7	46.9	49.7	51.2	53.4	794
Discounted FCFF		26.8	73.3	41.3	39.6	31.3	29.5	27.8	27.0	25.6	24.5	365
Sum of FCFF present value		711	685	611	570	530	499	470	442	415	389	365
Enterprise value DCF		711										
- Interest bearing debt		-106.3										
+ Cash and cash equivalents		20.8										
-Minorities		0.0										
-Dividend/capital return		-13.5										
Equity value DCF		613										
Equity value DCF per share		9.4										

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	4.5 %
Equity Beta	1.25
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	9.4 %
Weighted average cost of capital (WACC)	8.9 %

Source: Inderes



Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	595	696	844	899	852	EPS (reported)	0.57	0.46	0.54	0.74	0.66
EBITDA	60.5	55.0	62.9	82.1	79.4	EPS (adj.)	0.50	0.47	0.54	0.74	0.66
EBIT	44.4	39.6	45.4	62.9	59.0	OCF / share	0.89	-0.21	0.24	0.83	1.63
PTP	41.8	37.7	41.7	61.7	57.3	FCF / share	0.79	-0.54	-0.10	0.42	1.24
Net Income	36.9	29.8	35.0	48.3	43.0	Book value / share	2.84	3.22	3.51	4.00	4.43
Extraordinary items	5.3	-0.7	0.0	0.0	0.0	Dividend / share	0.17	0.19	0.21	0.23	0.25
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	339	474	526	559	506	Revenue growth-%	3%	17%	21%	7%	-5%
Equity capital	183	207	227	261	289	EBITDA growth-%	14%	-9%	14%	30%	-3%
Goodwill	8.3	8.2	7.7	7.7	7.7	EBIT (adj.) growth-%	-1%	3%	13%	38%	-6%
Net debt	18.3	59.9	85.5	72.7	8.0	EPS (adj.) growth-%	1%	-6%	15%	36%	-11%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	10.2 %	7.9 %	7.5 %	9.1 %	9.3 %
EBITDA	60.5	55.0	62.9	82.1	79.4	EBIT (adj.)-%	6.6 %	5.8 %	5.4 %	7.0 %	6.9 %
Change in working capital	4.5	-58.1	-39.9	-14.1	41.5	EBIT-%	7.5 %	5.7 %	5.4 %	7.0 %	6.9 %
Operating cash flow	57.3	-13.4	15.7	54.3	106.1	ROE-%	21.1 %	15.3 %	16.1 %	19.8 %	15.6 %
CAPEX	-6.7	-21.4	-22.6	-27.1	-25.1	ROI-%	19.3 %	15.2 %	14.5 %	18.0 %	17.1 %
Free cash flow	50.8	-34.8	-6.7	27.3	81.0	Equity ratio	53.9 %	43.8 %	43.1 %	46.8 %	57.1 %
						Gearing	10.0 %	28.9 %	37.7 %	27.8 %	2.8 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	0.7	0.8	0.6	0.6	0.6						
EV/EBITDA (adj.)	7.2	9.8	8.1	6.8	6.2						
EV/EBIT (adj.)	11.2	13.4	11.2	8.8	8.3						
P/E (adj.)	13.0	15.8	12.1	10.0	11.2						
P/B	2.3	2.3	1.9	1.8	1.7						
Dividend-%	2.6 %	2.5 %	3.2 %	3.1 %	3.4 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
4/26/2019	Accumulate	4.50 €	4.20 €
8/12/2019	Accumulate	4.50 €	4.04 €
10/28/2019	Accumulate	4.75 €	4.35 €
1/17/2020	Accumulate	5.25 €	4.94 €
2/20/2020	Accumulate	5.60 €	5.20 €
3/23/2020	Accumulate	4.25 €	3.73 €
4/25/2020	Accumulate	5.00 €	4.48 €
8/5/2020	Accumulate	5.50 €	5.18 €
8/10/2020	Accumulate	6.00 €	5.56 €
10/28/2020	Buy	6.00 €	5.14 €
12/15/2020	Accumulate	6.30 €	5.96 €
3/19/2021	Accumulate	7.30 €	6.90 €
4/9/2021	Accumulate	8.00 €	7.56 €
4/26/2021	Accumulate	8.60 €	8.08 €
6/14/2021	Accumulate	8.60 €	8.06 €
8/8/2021	Accumulate	8.75 €	8.30 €
10/14/2021	Accumulate	8.75 €	7.94 €
10/27/2021	Accumulate	8.75 €	7.78 €
12/13/2021	Reduce	8.30 €	7.96 €
2/16/2022	Accumulate	8.00 €	7.08 €
2/23/2022	Accumulate	8.00 €	6.84 €
4/19/2022	Accumulate	8.00 €	7.04 €
6/1/2022	Accumulate	7.60 €	6.66 €
7/14/2022	Accumulate	7.60 €	6.98 €
8/8/2022	Accumulate	7.60 €	6.76 €
10/27/2022	Buy	7.25 €	5.84 €
2/22/2023	Accumulate	8.25 €	7.74 €
4/23/2023	Reduce	9.00 €	9.13 €
4/26/2023	Reduce	9.00 €	9.67 €
7/6/2023	Reduce	9.50 €	10.38 €
7/31/2023	Reduce	10.00 €	10.56 €
8/7/2023	Reduce	10.00 €	10.64 €
9/14/2023	Accumulate	10.00 €	8.51 €
10/16/2023	Accumulate	9.00 €	7.64 €
10/30/2023	Accumulate	9.00 €	7.38 €



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