

# Componenta

## Company report

11/05/2023 19:35



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✓ Inderes corporate customer

This report is a summary translation of the report "Torjuntavoiton tunnelmaa" published on 11/5/2023 at 7:44 pm EET

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# Air of a defensive victory

Componenta's Q3 figures were soft after the earlier profit warning, but there were also positive factors. The 2023 guidance was updated as expected. Our earnings estimates for 2024-2025 decreased with net sales, but changes in the EBITDA margin and euros are moderate. The valuation of the share remains unjustifiably low. We maintain our Accumulate recommendation but cut our target price to EUR 3.00 (was EUR 3.20).

## Q3 net sales were low for many reasons

After the profit warning on October 31, it was clear that Q3 net sales were under pressure. However, the actual -19% y-o-y drop in Q3 net sales was surprisingly strong. Net sales were depressed by the prolonged maintenance activities at the Karkkila foundry and the decrease in sales volumes, as well as related inventory optimization by customers. However, customer deliveries stayed on schedule and production has normalized after the review period. We estimate that the price decrease in materials and energy impacted sales prices through indexation and Componenta's Q3 net sales by -6...-8% y-o-y. Q3 profitability (EBITDA margin 2.0%) was weak both for seasonal reasons and due to the operational challenges. However, the margin remained at the same level as a year ago, when net sales were clearly higher, and this indicates that indexing had a good hedging effect on profitability. The reported result included a previously announced write-down reversal of EUR +4.2 million. The Group's net financial expenses of EUR -0.5 million were in line with our forecast and taxes were, as expected, around zero.

## Visible, but not dramatic estimate cuts

Componenta reiterated its recent 2023 guidance, which at the mid-point of the range means net sales of some EUR 22 million (-25% y-o-y) and an EBITDA of EUR 0.7 million (margin 3% vs. 9% in Q4'22) for Q4'23. In our model, the drop in the price of materials and energy generates a net sales pressure of some -5% y-o-y in Q4'23 so part of the drop is "healthy". During the webcast, Componenta also indicated that customers' basic tone for 2024 is positive, and the company said already in connection with the profit warning that "our outlook for the development of production volumes next year is still at a good level". Our own forecast model starts with a base growth of only approximately +1% y-o-y in 2024, but we also believe that Componenta will be able to achieve a small increase with new customers, which the company is seeking especially on the familiar Swedish market. Our net sales growth rate expectations in 2024-2025 (+3...+4% y-o-y) are roughly unchanged after the fall of the 2023 baseline. Our new EBITDA margin expectations for the same years (8.0% and 8.8%) are not far from the previous levels (9.1% and 8.9%), but the decline in the net sales forecast and operational leverage depress our EBIT margin expectations more clearly to 2.4% (4.3%) and 3.6% (4.3%).

## Undervaluation is still obvious

Short-term price drivers for Componenta's share may be sparse, and the investor will probably have to wait until 2024 for the outlook to become clearer. However, the share as a whole is still unfoundedly undervalued. The total expected return far exceeds the required return with EV/EBITDA-based calculations for 2023-2024 and we find the risk-adjusted return attractive. The 2024 EV/EBITDA ratio is also clearly discounted at -44% to the median of the peers. Componenta's 2024 EBIT and EPS forecasts are disproportionately low compared to EBITDA, so EV/EBIT and P/E for the same year are currently relatively poorly suited for valuation. Our DCF model indicates a considerable upside of around +34 % for the share.

## Recommendation

**Accumulate**

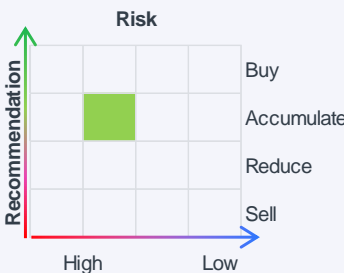
(previous Accumulate)

**EUR 3.00**

(previous EUR 3.20)

**Share price:**

2.55



## Key figures

	2022	2023e	2024e	2025e
<b>Revenue</b>	109.1	104.6	107.6	111.9
<b>growth-%</b>	25%	-4%	3%	4%
<b>EBIT adj.</b>	1.8	0.5	2.6	4.0
<b>EBIT-% adj.</b>	1.6 %	0.5 %	2.4 %	3.6 %
<b>Net Income</b>	0.1	2.7	1.0	2.5
<b>EPS (adj.)</b>	0.03	-0.16	0.10	0.26
<b>P/E (adj.)</b>	90.5	neg.	25.5	9.8
<b>P/B</b>	0.9	0.9	0.9	0.8
<b>Dividend yield-%</b>	0.0 %	0.0 %	2.0 %	3.9 %
<b>EV/EBIT (adj.)</b>	15.7	58.5	11.6	7.0
<b>EV/EBITDA</b>	3.9	4.8	3.5	2.8
<b>EV/S</b>	0.3	0.3	0.3	0.3

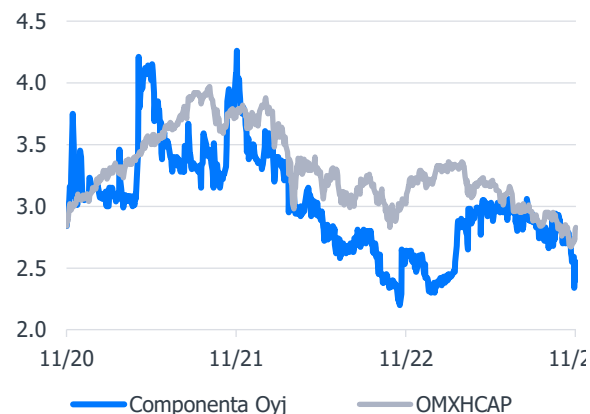
Source: Inderes

## Guidance

(Downgraded)

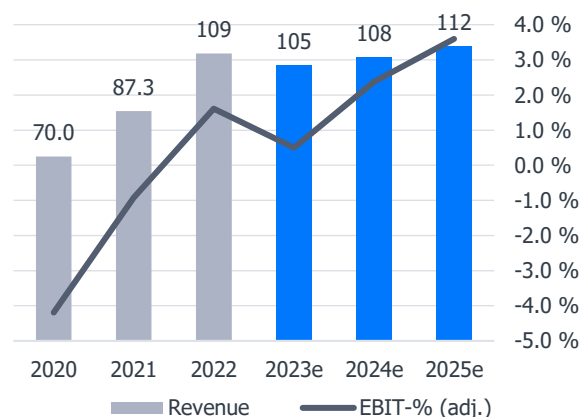
Componenta expects the Group's net sales to be EUR 100–105 million in 2023. EBITDA is expected to be EUR 6–7 million.

### Share price



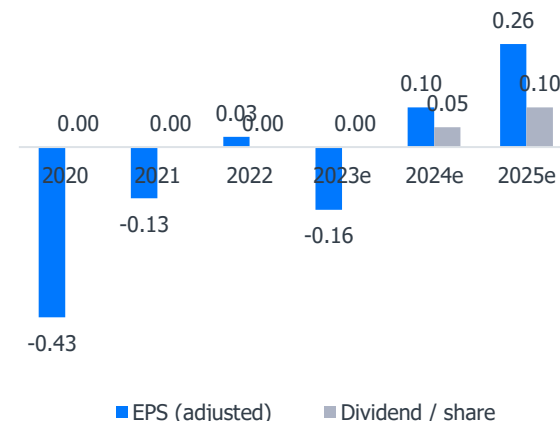
Source: Millistream Market Data AB

### Revenue and EBIT-%



Source: Inderes

### EPS and dividend



Source: Inderes



### Value drivers

- Customer sector risk highly diversified
- Long-term customer relationships with global OEMs
- Customer-initiated repatriation of supply chains
- Cost changes can be quickly transferred to own prices
- Valuation has a lot of historical baggage



### Risk factors

- Traditionally low-margin sector
- Customer sectors individually cyclical
- One big customer dependency

Valuation	2023e	2024e	2025e
Share price	2.55	2.55	2.55
Number of shares, million:	9.71	9.71	9.71
Market cap	25	25	25
EV	31	30	28
P/E (adj.)	neg.	25.5	9.8
P/E	9.3	25.5	9.8
P/B	0.9	0.9	0.8
P/S	0.2	0.2	0.2
EV/Sales	0.3	0.3	0.3
EV/EBITDA	4.8	3.5	2.8
EV/EBIT (adj.)	58.5	11.6	7.0
Payout ratio (%)	0.0 %	50.1 %	38.5 %
Dividend yield-%	0.0 %	2.0 %	3.9 %

Source: Inderes

# Q3 net sales were low for many reasons

## Softness was expected

Componenta's Q3 figures were naturally soft after the earlier profit warning, but there were also positive factors.

## Several factors depressed net sales

After the profit warning issued by Componenta on October 31 it was clear that net sales had been under pressure in Q3. We did not change estimates in the table below in our preliminary comment published before the profit warning, so the estimate changes should be interpreted broadly. However, the actual -19% y-o-y drop in Q3 net sales was surprisingly strong. According to Componenta, net sales were depressed by the maintenance activities at the Karkkila foundry and the decrease in sales volumes, as well as the related inventory optimization by customers. One of the main production machines at the Karkkila foundry had “production and

quality challenges” in Q3, which began with the long extension of the maintenance shutdown in July and lasted throughout Q3. However, customer deliveries were kept on schedule and production has already normalized after the review period. We believe that the drop in sales volumes was aimed at customers' faster circulating order book, i.e., mainly smaller machines and equipment in the mechanical engineering and agricultural sectors.

Componenta does not report how much the decrease in material and energy prices affected sales prices through indexation and thus net sales. The price effect comes with a delay of one quarter and the market prices of pig iron, scrap and electricity were down by approximately -40% y-o-y, -20% y-o-y and -60% y-o-y respectively in Q2'23. On this basis, we estimate the impact on Componenta's Q3 net sales to have been -6...-8% y-o-y.

The Group's end-of-quarter order book (including the agreed deliveries for the next two months) was EUR 13.5 million, with a decrease of -28% y-o-y but an increase of +30% q-o-q.

## The positive sides of indexing were seen

Q3 profitability (EBITDA margin 2.0%) was weak both for seasonal reasons and due to the mentioned operational challenges. However, the margin remained at the same level as one year ago, when net sales were clearly higher, and this indicates that indexing had a good hedging effect on profitability.

The reported result included the previously announced write-down reversal of EUR +4.2 million. The Group's net financial expenses of EUR -0.5 million were in line with our forecast and taxes were, as expected, around zero.

Estimates MEUR / EUR	Q3'22 Comparison	Q3'23 Actualized	Q3'23e Inderes	Q3'23e Consensus	Consensus Low High	Difference (%) Act. vs. inderes	2023e Inderes
Revenue	24.6	19.9	25.1			-21%	105
EBITDA	0.5	0.4	1.6			-75%	6.4
EBIT (adj.)	-0.9	-1.0	0.1			-1107%	0.5
EBIT	-0.9	3.2	4.3			-26%	4.7
PTP	-1.5	2.7	3.8			-30%	2.6
EPS (adj.)	-0.15	-0.15	-0.04			273%	-0.16
EPS (reported)	-0.15	0.42	0.39			7%	0.27
DPS							0.00
Revenue growth-%	32.9 %	-19.1 %	1.9 %			-21 pp	-4.1 %
EBIT-% (adj.)	-3.7 %	-5.1 %	0.4 %			-5.5 pp	0.5 %

Source: Inderes

# Visible, but not dramatic estimate cuts

## Estimates were trimmed

The 2023 guidance was updated as expected. Our earnings estimates for 2024-2025 have fallen with net sales, but changes in the EBITDA margin and euros are moderate.

## Small improvement in Q4

Componenta reiterated its recent guidance on net sales of EUR 100-105 million and EBITDA of EUR 6-7 million for 2023. At the mid-point of the range this means net sales of approximately EUR 22 million (-25% y-o-y) and an EBITDA of EUR 0.7 million (margin 3% vs. 9% in Q4'22) for Q4'23. Although the changes in the annual comparison are ugly, an improvement is still expected on Q3'23, as it should, of course. In our model, the drop in the price of materials and energy still generates a net sales pressure of some -5% y-o-y in Q4'23 so part of the drop is "healthy". Small calming signals for Q4 from Componenta were

comments that "production volumes have remained at a reasonable level for the end of 2023" and "although there are differences among customers and industries in order book the outlook has generally remained positive".

## 2024 outlook is satisfactory

During the webcast, Componenta also indicated that customers' basic tone for 2024 is positive, and the company said already in connection with the profit warning that "our outlook for the development of production volumes next year is still at a good level". In our own forecasting model based on the development of equipment net sales of Componenta's assumed main customers, we have started with a basic growth of only some 1% y-o-y in 2024. However, we also believe that Componenta will be able to achieve small additional growth with new customers, which the company is seeking especially in the familiar Swedish market. Our

overall forecast for the company's net sales growth in 2024 is +3% y-o-y. Based on material and electricity price forecasts, net sales in 2024 will not fluctuate much for these reasons. The potential highlighted by Componenta from large OEM manufacturers' nearshoring and corresponding volume growth for subcontractors is expected to materialize only later, although there are indications of the trend.

## Significant cuts in the lower lines

Our net sales growth rate expectations in 2024-2025 (+3...+4% y-o-y) are roughly unchanged after the fall of the 2023 baseline. Our new EBITDA margin expectations for the same years (8.0% and 8.8%) are not far from the previous levels (9.1% and 8.9%), but the decline in the net sales forecast and operational leverage depress our EBIT margin expectations more clearly to 2.4% (4.3%) and 3.6% (4.3%).

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	114	105	-8%	116	108	-7%	119	112	-6%
EBITDA	9.5	6.4	-33%	10.5	8.6	-18%	10.5	9.9	-6%
EBIT (exc. NRIs)	3.6	0.5	-86%	4.5	2.6	-43%	4.6	4.0	-13%
EBIT	7.8	4.7	-40%	4.5	2.6	-43%	4.6	4.0	-13%
PTP	5.7	2.6	-55%	2.9	1.0	-67%	3.2	2.5	-21%
EPS (excl. NRIs)	0.16	-0.16	-200%	0.30	0.10	-67%	0.33	0.26	-21%
DPS	0.00	0.00		0.11	0.05	-53%	0.15	0.10	-33%

Source: Inderes

# The undervaluation is still evident

## Positive basic view is unchanged

Our basic view of the strengths of Componenta's investor story remains unchanged despite the push caused by the profit warning. We still consider the company's strong relationships with renowned customers, clearly improved cost flexibility from the past and the current, solid balance sheet the strengths of the company. Factors typical of the industry, such as the cyclical target market and relatively low basic profitability, are factors on which Componenta has limited influence.

Short-term positive (and also negative after the profit warning) drivers for the share may be sparse, and the investor will probably have to wait until 2024 for the outlook to become clearer. In any case, we still consider the current valuation level of the share to be unjustifiably low and maintain our Accumulate recommendation. We cut our target price to EUR 3.00 (was 3.20), which means the share discount relative to the median of the peers is -28...-35% with the 2024 EV/EBITDA. We have considered a -25% discount acceptable for Componenta.

## Overall return is attractive, although there is room for interpretation

According to our calculations, the total expected return on Componenta's share (upside potential based on earnings growth and expected change in valuation multiples plus dividend yield) exceeds the required return clearly with the 2023-2024 EV/EBITDA-based calculations. On the other hand, calculations based on EV/EBIT or P/E would give an unnecessarily negative picture of the potential return in the current situation, as these ratios are currently subject to significant leverage. This is due to Componenta's temporarily disproportionately low EBIT and EPS ratios compared to EBITDA. Despite these factors, we find the risk-adjusted return attractive.

## Good benchmarks are hard to find in peer valuation

Componenta's relative valuation multiples are biased by the same factors as mentioned above. As a result, the 2024 EV/EBITDA ratio is clearly discounted by -44% to the median of the peers, but the EV/EBIT is at a moderate premium (+13%) and the P/E ratio already indicates a clear premium valuation. We also find the EV/EBITDA to be a more meaningful benchmark in the current situation than other multiples in peer group valuation, and based on it the over-proportional valuation discount of Componenta's share is obvious.

## DCF upside is considerable

The DCF model indicates Componenta a share value of EUR 3.4, with an upside of +34 %. Despite the significant leverage related to the parameters of the DCF model, we consider the upside significant. A more detailed calculation can be found in the appendices.

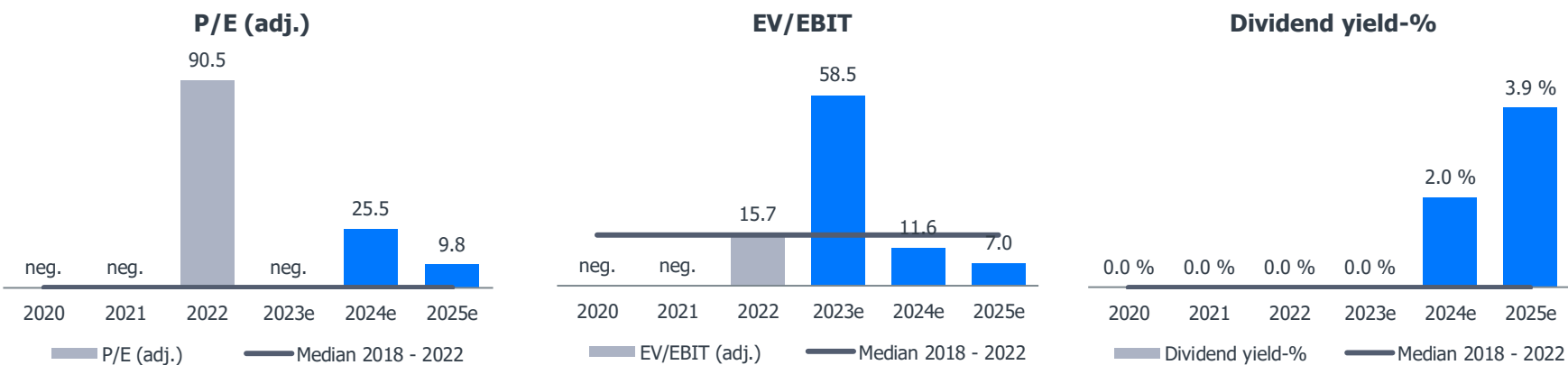
Valuation	2023e	2024e	2025e
Share price	2.55	2.55	2.55
Number of shares, million	9.71	9.71	9.71
Market cap	25	25	25
EV	31	30	28
P/E (adj.)	neg.	25.5	9.8
P/E	9.3	25.5	9.8
P/B	0.9	0.9	0.8
P/S	0.2	0.2	0.2
EV/Sales	0.3	0.3	0.3
EV/EBITDA	4.8	3.5	2.8
EV/EBIT (adj.)	58.5	11.6	7.0
Payout ratio (%)	0.0 %	50.1 %	38.5 %
Dividend yield-%	0.0 %	2.0 %	3.9 %

Source: Inderes

# Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price			3.16	3.34	2.34	2.55	2.55	2.55	2.55
Number of shares, millions	7.09	237.3	9.49	9.52	9.71	9.71	9.71	9.71	9.71
Market cap			30	32	23	25	25	25	25
EV	-3.3	8.7	27	39	28	31	30	28	25
P/E (adj.)	0.0	0.0	neg.	neg.	90.5	neg.	25.5	9.8	5.8
P/E	0.0	0.0	neg.	neg.	>100	9.3	25.5	9.8	5.8
P/B	0.0	0.0	1.3	1.4	0.9	0.9	0.9	0.8	0.7
P/S	0.0	0.0	0.4	0.4	0.2	0.2	0.2	0.2	0.2
EV/Sales	neg.	0.2	0.4	0.4	0.3	0.3	0.3	0.3	0.2
EV/EBITDA	neg.	5.5	7.3	7.8	3.9	4.8	3.5	2.8	2.2
EV/EBIT (adj.)	neg.	neg.	neg.	neg.	15.7	58.5	11.6	7.0	4.5
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	50.1 %	38.5 %	34.0 %
Dividend yield-%			0.0 %	0.0 %	0.0 %	0.0 %	2.0 %	3.9 %	5.9 %

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	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Norrhydro	22	22	21.8	10.9	10.9	5.5	0.7	0.6	200.0	18.2	1.5	3.0	2.3
Castings plc	184	144	7.7	6.8	5.0	4.6	0.6	0.6	12.1	11.2	4.5	4.8	
Georg Fischer	4098	4265	11.1	9.7	8.3	7.5	1.1	1.0	14.3	13.1	2.7	3.0	2.6
ElringKlinger	343	817	9.4	8.0	4.0	3.8	0.4	0.4	9.6	6.5	4.1	5.5	0.4
Kesla	14	27	13.7	13.7	6.8	6.8	0.5	0.6	13.5	12.0	2.9	3.6	1.1
Ponsse	655	725	15.2	13.7	9.2	8.7	0.9	1.0	22.5	16.6	2.3	2.8	2.0
Wärtsilä	6684	7056	14.4	11.4	10.7	9.2	1.1	1.1	19.8	15.5	2.7	3.4	2.9
AGCO	8324	9591	5.8	6.4	5.2	5.4	0.7	0.7	7.5	8.1	4.7	2.1	1.9
<b>Componenta Oyj (Inderes)</b>	<b>25</b>	<b>31</b>	<b>58.5</b>	<b>11.6</b>	<b>4.8</b>	<b>3.5</b>	<b>0.3</b>	<b>0.3</b>	<b>-16.1</b>	<b>25.5</b>	<b>0.0</b>	<b>2.0</b>	<b>0.9</b>
<b>Average</b>			<b>12.4</b>	<b>10.1</b>	<b>7.5</b>	<b>6.4</b>	<b>0.8</b>	<b>0.7</b>	<b>37.4</b>	<b>12.6</b>	<b>3.2</b>	<b>3.5</b>	<b>1.9</b>
<b>Median</b>			<b>12.4</b>	<b>10.3</b>	<b>7.6</b>	<b>6.1</b>	<b>0.7</b>	<b>0.7</b>	<b>13.9</b>	<b>12.5</b>	<b>2.8</b>	<b>3.2</b>	<b>2.0</b>
<b>Diff-% to median</b>			<b>372%</b>	<b>13%</b>	<b>-37%</b>	<b>-44%</b>	<b>-57%</b>	<b>-57%</b>	<b>-216%</b>	<b>104%</b>	<b>-100%</b>	<b>-39%</b>	<b>-53%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2020	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e
<b>Revenue</b>	<b>70.0</b>	<b>87.3</b>	<b>109</b>	<b>30.7</b>	<b>29.5</b>	<b>19.9</b>	<b>24.5</b>	<b>105</b>	<b>28.3</b>	<b>29.0</b>	<b>23.7</b>	<b>26.5</b>	<b>108</b>	<b>112</b>	<b>117</b>
Group	70.0	87.3	109	30.7	29.5	19.9	24.5	105	28.3	29.0	23.7	26.5	108	112	117
<b>EBITDA</b>	<b>3.7</b>	<b>5.0</b>	<b>7.1</b>	<b>2.8</b>	<b>2.6</b>	<b>0.4</b>	<b>0.6</b>	<b>6.4</b>	<b>2.7</b>	<b>2.8</b>	<b>1.3</b>	<b>1.9</b>	<b>8.6</b>	<b>9.9</b>	<b>11.4</b>
Depreciation	-5.8	-4.9	-5.5	-1.4	-1.5	2.8	-1.6	-1.7	-1.5	-1.5	-1.5	-1.5	-6.0	-5.9	-5.8
<b>EBIT (excl. NRI)</b>	<b>-2.9</b>	<b>-0.8</b>	<b>1.8</b>	<b>1.4</b>	<b>1.1</b>	<b>-1.0</b>	<b>-1.0</b>	<b>0.5</b>	<b>1.2</b>	<b>1.3</b>	<b>-0.2</b>	<b>0.4</b>	<b>2.6</b>	<b>4.0</b>	<b>5.6</b>
<b>EBIT</b>	<b>-2.0</b>	<b>0.0</b>	<b>1.6</b>	<b>1.4</b>	<b>1.1</b>	<b>3.2</b>	<b>-1.0</b>	<b>4.7</b>	<b>1.2</b>	<b>1.3</b>	<b>-0.2</b>	<b>0.4</b>	<b>2.6</b>	<b>4.0</b>	<b>5.6</b>
Group	-2.0	0.0	1.6	1.4	1.1	3.2	-1.0	4.7	1.2	1.3	-0.2	0.4	2.6	4.0	5.6
Share of profits in assoc. compan.	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	0.0
Net financial items	-1.5	-0.4	-1.7	-0.5	-0.6	-0.5	-0.5	-2.2	-0.4	-0.4	-0.4	-0.4	-1.6	-1.5	-1.3
<b>PTP</b>	<b>-3.5</b>	<b>-0.4</b>	<b>-0.1</b>	<b>0.9</b>	<b>0.5</b>	<b>2.7</b>	<b>-1.5</b>	<b>2.6</b>	<b>0.8</b>	<b>0.9</b>	<b>-0.6</b>	<b>0.0</b>	<b>1.0</b>	<b>2.5</b>	<b>4.3</b>
Taxes	0.3	0.0	0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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	0.0
<b>Net earnings</b>	<b>-3.2</b>	<b>-0.4</b>	<b>0.1</b>	<b>0.9</b>	<b>0.5</b>	<b>2.7</b>	<b>-1.5</b>	<b>2.7</b>	<b>0.8</b>	<b>0.9</b>	<b>-0.6</b>	<b>0.0</b>	<b>1.0</b>	<b>2.5</b>	<b>4.3</b>
<b>EPS (adj.)</b>	<b>-0.43</b>	<b>-0.13</b>	<b>0.03</b>	<b>0.09</b>	<b>0.05</b>	<b>-0.15</b>	<b>-0.15</b>	<b>-0.16</b>	<b>0.08</b>	<b>0.09</b>	<b>-0.07</b>	<b>0.00</b>	<b>0.10</b>	<b>0.26</b>	<b>0.44</b>
<b>EPS (rep.)</b>	<b>-0.33</b>	<b>-0.04</b>	<b>0.01</b>	<b>0.09</b>	<b>0.05</b>	<b>0.28</b>	<b>-0.15</b>	<b>0.27</b>	<b>0.08</b>	<b>0.09</b>	<b>-0.07</b>	<b>0.00</b>	<b>0.10</b>	<b>0.26</b>	<b>0.44</b>

Key figures	2020	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e
<b>Revenue growth-%</b>	38.0 %	24.6 %	25.0 %	20.4 %	2.1 %	-19.1 %	-18.6 %	-4.1 %	-7.7 %	-1.6 %	18.9 %	8.4 %	2.8 %	4.0 %	4.9 %
<b>Adjusted EBIT growth-%</b>		-72.5 %	-317.2 %	448.0 %	13.0 %	11.0 %	-168.6 %	-70.2 %	-16.0 %	12.9 %	-75.5 %	-139.0 %	388.7 %	57.4 %	39.8 %
<b>EBITDA-%</b>	5.4 %	5.7 %	6.5 %	9.1 %	8.9 %	2.0 %	2.4 %	6.1 %	9.4 %	9.6 %	5.3 %	7.1 %	8.0 %	8.8 %	9.7 %
<b>Adjusted EBIT-%</b>	-4.2 %	-0.9 %	1.6 %	4.5 %	3.8 %	-5.1 %	-4.0 %	0.5 %	4.1 %	4.4 %	-1.0 %	1.4 %	2.4 %	3.6 %	4.8 %
<b>Net earnings-%</b>	-4.5 %	-0.5 %	0.0 %	2.9 %	1.8 %	13.6 %	-6.0 %	2.5 %	2.7 %	3.0 %	-2.7 %	-0.1 %	0.9 %	2.3 %	3.6 %

Source: Inderes

# Balance sheet

Assets	2021	2022	2023e	2024e	2025e
<b>Non-current assets</b>	<b>33.9</b>	<b>33.0</b>	<b>37.3</b>	<b>37.5</b>	<b>38.0</b>
Goodwill	3.2	3.2	3.2	3.2	3.2
Intangible assets	1.8	2.0	2.0	2.0	2.1
Tangible assets	28.3	27.3	31.6	31.8	32.2
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	0.5	0.5	0.5	0.5	0.5
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
<b>Current assets</b>	<b>21.6</b>	<b>25.8</b>	<b>25.3</b>	<b>27.9</b>	<b>30.9</b>
Inventories	12.2	13.3	13.1	13.4	14.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	4.2	3.9	4.3	4.4	4.6
Cash and equivalents	5.2	8.6	7.9	10.0	12.3
<b>Balance sheet total</b>	<b>55.5</b>	<b>58.8</b>	<b>62.6</b>	<b>65.4</b>	<b>68.9</b>

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
<b>Equity</b>	<b>23.5</b>	<b>24.1</b>	<b>26.8</b>	<b>27.8</b>	<b>29.8</b>
Share capital	1.0	1.0	1.0	1.0	1.0
Retained earnings	3.0	3.2	5.9	6.9	8.9
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	19.4	19.9	19.9	19.9	19.9
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>10.8</b>	<b>11.0</b>	<b>12.1</b>	<b>13.1</b>	<b>13.6</b>
Deferred tax liabilities	0.2	0.1	0.1	0.1	0.1
Provisions	0.4	0.4	0.4	0.4	0.4
Korolliset velat	9.1	9.9	11.0	12.0	12.5
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	1.1	0.7	0.7	0.7	0.7
<b>Current liabilities</b>	<b>21.2</b>	<b>23.8</b>	<b>23.7</b>	<b>24.5</b>	<b>25.5</b>
Korolliset velat	2.8	3.6	2.8	3.0	3.1
Payables	18.4	20.2	20.9	21.5	22.4
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>55.5</b>	<b>58.8</b>	<b>62.6</b>	<b>65.4</b>	<b>68.9</b>

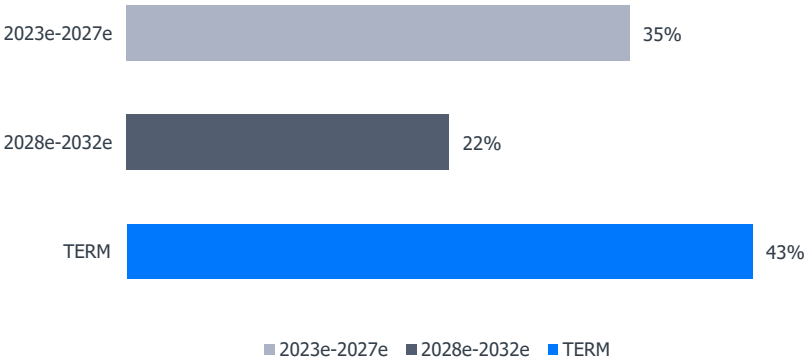
# DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	25.0 %	-4.1 %	2.8 %	4.0 %	4.9 %	4.5 %	4.1 %	3.7 %	3.3 %	2.9 %	2.5 %	2.5 %
EBIT-%	1.4 %	4.5 %	2.4 %	3.6 %	4.8 %	4.5 %	4.3 %	4.0 %	3.8 %	3.5 %	3.5 %	3.5 %
<b>EBIT (operating profit)</b>	<b>1.6</b>	<b>4.7</b>	<b>2.6</b>	<b>4.0</b>	<b>5.6</b>	<b>5.6</b>	<b>5.5</b>	<b>5.3</b>	<b>5.1</b>	<b>4.9</b>	<b>5.0</b>	
+ Depreciation	5.5	1.7	6.0	5.9	5.8	5.9	6.1	6.2	6.4	6.5	6.7	
- Paid taxes	0.0	0.1	0.0	0.0	0.0	0.0	-0.9	-0.8	-0.8	-0.8	-0.8	
- Tax, financial expenses	-0.3	0.1	0.0	0.0	0.0	0.0	-0.2	-0.2	-0.2	-0.2	-0.1	
+ 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	0.9	0.6	0.1	0.1	0.2	0.2	0.2	0.2	0.1	0.1	0.1	
<b>Operating cash flow</b>	<b>7.7</b>	<b>7.1</b>	<b>8.7</b>	<b>10.0</b>	<b>11.6</b>	<b>11.7</b>	<b>10.7</b>	<b>10.7</b>	<b>10.7</b>	<b>10.7</b>	<b>10.9</b>	
+ Change in other long-term liabilities	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-4.7	-5.9	-6.2	-6.4	-6.6	-6.8	-7.0	-7.1	-7.3	-7.5	-7.8	
<b>Free operating cash flow</b>	<b>2.6</b>	<b>1.2</b>	<b>2.5</b>	<b>3.6</b>	<b>5.0</b>	<b>4.9</b>	<b>3.7</b>	<b>3.5</b>	<b>3.3</b>	<b>3.1</b>	<b>3.1</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	2.6	1.2	2.5	3.6	5.0	4.9	3.7	3.5	3.3	3.1	3.1	40.5
<b>Discounted FCFF</b>		<b>1.2</b>	<b>2.2</b>	<b>2.9</b>	<b>3.7</b>	<b>3.2</b>	<b>2.2</b>	<b>1.9</b>	<b>1.7</b>	<b>1.4</b>	<b>1.3</b>	<b>16.4</b>
Sum of FCFF present value		38.1	36.9	34.7	31.8	28.1	24.9	22.7	20.7	19.1	17.7	16.4
<b>Enterprise value DCF</b>		<b>38.1</b>										
- Interest bearing debt		-13.4										
+ Cash and cash equivalents		8.6										
-Minorities		0.0										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>33.3</b>										
<b>Equity value DCF per share</b>		<b>3.4</b>										

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.5 %
Equity Beta	1.80
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>12.1 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>10.4 %</b>

Source: Inderes

Cash flow distribution



# Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	70.0	87.3	109.1	104.6	107.6	EPS (reported)	-0.33	-0.04	0.01	0.27	0.10
EBITDA	3.7	5.0	7.1	6.4	8.6	EPS (adj.)	-0.43	-0.13	0.03	-0.16	0.10
EBIT	-2.0	0.0	1.6	4.7	2.6	OCF / share	0.69	0.27	0.79	0.73	0.89
PTP	-3.5	-0.4	-0.1	2.6	1.0	FCF / share	0.39	-0.93	0.27	0.12	0.25
Net Income	-1.0	-0.4	0.1	2.7	1.0	Book value / share	2.51	2.46	2.48	2.76	2.86
Extraordinary items	0.9	0.8	-0.2	4.2	0.0	Dividend / share	0.00	0.00	0.00	0.00	0.05
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	64.0	55.5	58.8	62.6	65.4	Revenue growth-%	38%	25%	25%	-4%	3%
Equity capital	23.9	23.5	24.1	26.8	27.8	EBITDA growth-%	136%	32%	43%	-10%	34%
Goodwill	3.2	3.2	3.2	3.2	3.2	EBIT (adj.) growth-%	76%	-72%	-317%	-70%	389%
Net debt	-2.6	6.7	4.8	5.9	5.0	EPS (adj.) growth-%	4839%	-70%	-120%	-712%	-163%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	5.4 %	5.7 %	6.5 %	6.1 %	8.0 %
EBITDA	3.7	5.0	7.1	6.4	8.6	EBIT (adj.)-%	-4.2 %	-0.9 %	1.6 %	0.5 %	2.4 %
Change in working capital	2.9	-2.3	0.9	0.6	0.1	EBIT-%	-2.9 %	0.0 %	1.4 %	4.5 %	2.4 %
Operating cash flow	6.5	2.6	7.7	7.1	8.7	ROE-%	-16.0 %	-1.7 %	0.2 %	10.5 %	3.6 %
CAPEX	-5.1	-2.0	-4.7	-5.9	-6.2	ROI-%	-6.1 %	3.2 %	4.3 %	12.3 %	6.5 %
Free cash flow	3.7	-8.9	2.6	1.2	2.5	Equity ratio	37.3 %	42.3 %	41.0 %	42.8 %	42.4 %
						Gearing	-10.8 %	28.6 %	20.0 %	21.9 %	17.9 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	0.4	0.4	0.3	0.3	0.3						
EV/EBITDA (adj.)	7.3	7.8	3.9	4.8	3.5						
EV/EBIT (adj.)	neg.	neg.	15.7	58.5	11.6						
P/E (adj.)	neg.	neg.	90.5	neg.	25.5						
P/B	1.3	1.4	0.9	0.9	0.9						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	2.0 %						

Source: Inderes

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Date	Recommendation	Target	Share price
9/19/2023	Accumulate	3.20 €	2.73 €
9/27/2023	Accumulate	3.20 €	2.90 €
11/6/2023	Accumulate	3.00 €	2.55 €



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