

# Nixu

## Company report

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This report is a summary translation of the report “Matala arvostus korjaantuu vain kasvun kautta” published on 2/11/2022 at 06:35 am

# Low valuation is only corrected through growth

Nixu's H2 figures missed our expectations and sealed the company's difficult and transformative year. This year, we expect that the trajectory is moving towards better, but there is still uncertainty about the growth rate. Nixu's revenue should turn to growth with market demand picking up, increased number of recruits and the new operating model, for which the biggest transformation pains are now behind. At the moment, the significantly decreased valuation (2022e EV/S 0.9x) reflects a high degree of skepticism toward the company's turnaround, which, if successful, would bring a hefty amount of upside. However, the poor performance of recent years and the risks associated with the turnaround still don't make the return/risk ratio very attractive. Therefore, we reiterate our Accumulate recommendation for Nixu, but lower the target price to EUR 7.0 (prev. 9.0 EUR).

## Soft finish for a difficult year

Nixu's H2 revenue decreased by 2% to EUR 25.1 million and EBITDA was EUR 0.7 million, both of which fell short of our expectations. After a stable Q3, revenue decreased by 4% in Q4, affected by a delay in the start-up of a few major projects for this year and a few larger customers lost in Managed Services. These factors, increased number of recruits and still higher-than-normal employee turnover were a burden on H2 profitability (EBITDA: 3%). On a positive note, Nixu's revenue increased by 23% in Sweden and 24% in Denmark, which was already affected by Nixu's ability to offer a wider service range across borders through its new operating model.

## Outlook anticipates growth but the pace remains a question mark

In its outlook, Nixu provides guidance on revenue growing and EBITDA improving y/y. At this point, the information value of the guidance remains rather thin and there is uncertainty about the growth rate. However, Nixu commented that it's hopeful for this year, because the worst transformation pains of the new operating model are behind and sales have started to produce good results in Q4, when customer orders increased by a two-digit figure from the comparison period. This also shows that customers are once again more prepared to engage in wider cybersecurity projects, after the deceleration caused by COVID. The generally weaker-than-expected Q4 figures and the vague growth guidance led us to cut our forecasts quite significantly. We now expect that Nixu's revenue will grow this year by 7.5% to EUR 55.7 million and that the EBITDA margin (4%) will be at a moderate level.

## Turnaround is required to correct the valuation

Nixu's valuation (2022e-2023e EV/S: 0.9x-0.8x) looks very low if the company is successful in the sought-after turnaround this year. The Q4 figures didn't offer support to the turnaround yet, but in the light of Nixu's comments, a better tomorrow is already around the corner. In our view, it takes more than just talk to dissolve the low valuation, but after difficult years hard figures of profitable growth are required. Right now, it seems that growth will become stronger in H2 at the earliest and the current transition phase keeps the risk level elevated. Thus, the share's return/risk ratio doesn't support a stronger view of the share. In its strategy, Nixu aims for an average organic growth of 15% in 2022-2025 and a minimum EBITDA margin of 15% by 2025. If the growth targets were met, the share would have significant upside.

## Recommendation

**Accumulate**

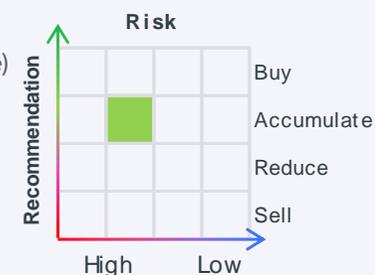
(previous Accumulate)

**EUR 7.00**

(previous EUR 9.00)

**Share price:**

6.02



## Key figures

	2021	2022e	2023e	2024e
<b>Revenue</b>	51.8	55.7	63.0	70.6
<b>growth-%</b>	-3%	7%	13%	12%
<b>EBIT adj.</b>	0.0	0.6	2.6	4.0
<b>EBIT-% adj.</b>	0.0 %	1.1 %	4.1 %	5.7 %
<b>Net Income</b>	-1.0	-0.2	1.5	2.7
<b>EPS (adj.)</b>	-0.07	0.02	0.24	0.41

<b>P/E (adj.)</b>	neg.	>100	24.6	14.8
<b>P/B</b>	4.1	3.5	3.2	2.6
<b>Dividend yield-%</b>	0.0 %	0.0 %	0.0 %	0.0 %
<b>EV/EBIT (adj.)</b>	>100	83.2	18.9	11.9
<b>EV/EBITDA</b>	37.6	23.4	12.3	8.7
<b>EV/S</b>	1.1	0.9	0.8	0.7

Source: Inderes

## Guidance

(New guidance)

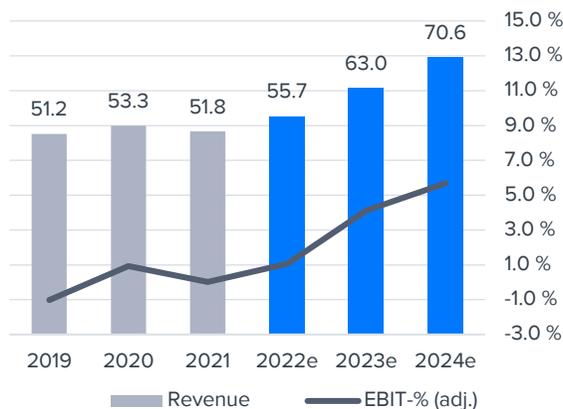
"Nixu estimated its revenue (2021: 51.8 MEUR) to grow and its EBITDA (2021: EUR 1.5 million) to increase from the previous financial year."

## Share price



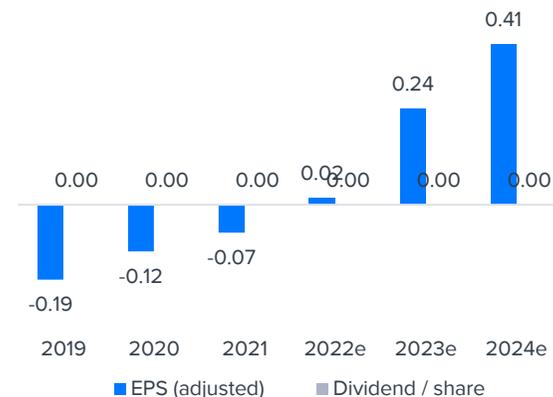
Source: Thomson Reuters

## Revenue and EBIT %



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- Revenue growth main value driver in the next couple of years
- Good market position on a growing market
- Continuous service models generate customer maintenance and scalability



## Risk factors

- The COVID pandemic has weakened the short-term outlook
- Tightening competitive situation
- No evidence of profitable growth abroad
- Integration of acquisitions
- Success of investments directed at continuous service models

Valuation	2022e	2023e	2024e
Share price	6.02	6.02	6.02
Number of shares, million:	7.42	7.42	7.42
Market cap	45	45	45
EV	49	49	48
P/E (adj.)	>100	24.6	14.8
P/E	neg.	29.4	16.4
P/FCF	neg.	>100	27.2
P/B	3.5	3.2	2.6
P/S	0.8	0.7	0.6
EV/Sales	0.9	0.8	0.7
EV/EBITDA	23.4	12.3	8.7
EV/EBIT (adj.)	83.2	18.9	11.9
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

# Soft finish for a difficult year

## Revenue development was weaker than we estimated in H2

Nixu's H2 revenue fell by 2% to EUR 25.1 million, falling short of our EUR 26.4 million forecast, which expected slight growth. After a solid Q3, revenue decreased by 4% in Q4, which is partly explained by the start of a few major projects being delayed several months due to customer-related reasons. In continuous Managed Services, Nixu switched to Microsoft technology for security operations center services last year and aims to provide increasingly standardized and, thus, scalable services. With this change, the company lost a few major customers and the revenue of Managed Services (H2'21: 19% of revenue) decreased by a disappointing 9%.

As a small positive factor, the company's H2 revenue grew in its largest international markets in Sweden and Denmark. H2 revenue grew by 23% to EUR 5.0 million in Sweden and by 24% to EUR 3.6 million in

Denmark. With the new operating model, Nixu will be able to offer a wider service range abroad, which has already yielded results in winning specific clients. Historically, it has been challenging for Nixu to make profits abroad. Now, growth picking up and thus higher volumes are a crucial step in making profitable business in these markets.

## Low profitability as expected

Due to lower-than-estimated revenue, Nixu's EBITDA weakened slightly more than we expected in H2 and was EUR 0.7 million (H2'20: 2.8 MEUR). The transition to a new international operating model and increased recruitment efforts weighed on Nixu's overall profitability of 2021. This, combined with the revenue development, left the EBITDA margin low both for H2 (3%) and the whole year (3%). In particular, the loss of Managed Services customers was reflected in profitability and, according to Nixu, in H1'22, this business area will still make a loss.

Nixu's personnel turnover decreased toward the end of the year, but was still higher than the target level, which also contributed to the pressure on profitability. At the end of 2021, the company employed 389 people (2020: 373).

## Balance sheet would allow small M&A actions

At the end of the year, Nixu's financial position was in a reasonable condition, with equity ratio of 31.5% and net gearing of 25%. Adjusted for the IFRS16 lease liabilities, the company had a net liability of just under EUR 1 million. Thus, the company's financial position meets the conditions to implement its organic growth strategy. Assuming a gradual improvement in the company's profitability in the future, the current balance sheet would also allow small M&A transactions.

Estimates MEUR / EUR	H2'20	H2'21	H2'21e	H2'21e	Consensus		Difference (%)	2021e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	25.6	25.1	26.4				-5%	51.8
EBITDA	2.8	0.7	1.0				-36%	1.5
EBIT	0.4	-0.3	0.0				2261%	-0.4
EPS (reported)	-0.05	-0.07	-0.03				147%	
Revenue growth-%	0.5 %	-2.1 %	3.0 %				-5.1 pp	-2.7 %
EBITDA-%	11.1 %	-1.2 %	3.9 %				-5.1 pp	2.8 %

Source: Inderes

# There is still uncertainty about the growth rate

## We lowered our estimates

In its outlook, Nixu provides guidance on revenue growing and EBITDA improving y/y. At this point, the information value of the guidance remains rather thin and there is uncertainty about the growth rate.

However, Nixu commented that it's hopeful for this year, because the worst transformation pains of the new operating model are behind and sales have started to produce good results in Q4, when customer orders increased by a two-digit figure from the comparison period. Projects that were delayed in the fall have also started well this year and Nixu has succeeded in recruiting to meet growth.

The past few years have been difficult for Nixu, and the budding growth turnaround has yet to be proven in terms of numbers. Q4 revenue was also below our expectations and the outlook leaves room for interpretation in terms of how fast the growth is

picking up. Reflecting this overall picture, we cut our predictions quite significantly. When looking at the estimates, the change percentages are significant, but in absolute terms they are significantly lower. This is because even before we didn't expect Nixu's profitability to be at an optimal level in the next few years as the company invested in growth.

We now expect that Nixu's revenue will increase by 7.5% to EUR 55.7 million this year and that the EBITDA margin will only improve slightly to EUR 2.1 million (4% of revenue). In 2023, we expect growth to accelerate to 13% and the EBITDA margin to improve to 6%. Overall, after difficult years, the forecast bar isn't set particularly high for the coming years and, if the growth turnaround is successful, there could be room for further upside. However, this would first require some evidence of a return to the path of profitable growth from Nixu.

Estimate revisions	2021e	2021e	Change	2022e	2022e	Change	2023e	2023e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	53.1	51.8	-2%	60.0	55.7	-7%	68.9	63.0	-8%
EBITDA	1.8	1.5	-20%	3.6	2.1	-41%	5.5	4.0	-27%
EBIT (exc. NRIs)	0.4	0.0	-97%	1.8	0.6	-68%	3.8	2.6	-32%
EBIT	-0.2	-0.4	167%	1.5	0.3	-81%	3.5	2.3	-35%
PTP	-0.7	-1.0	44%	1.0	-0.2	-120%	3.1	1.9	-39%
EPS (excl. NRIs)	-0.02	-0.07	344%	0.15	0.02	-88%	0.38	0.24	-35%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

# Valuation

## Correcting the low valuation requires evidence of a turnaround

Nixu's sales-based valuation already looks moderate in 2021 (EV/S 0.94x) and with our forecasts, the 2022-2023 multiples are already very low (0.88x-0.78x). In previous years, Nixu's revenue multiple has varied between 1.0x and 2.3x with a median of 1.4x. The historically low valuation is explained by Nixu's currently weak combination of growth and profitability. After the growth frustrations of recent years, investor sentiment regarding the share is near rock bottom, which is visible in the low multiples.

With our decreased forecasts, Nixu's earnings-based multiples are high in the short term, and they will only gradually support the valuation in a few years' time (2024e adj. P/E 15x).

With the current valuation, the expected return of Nixu's share is on an extremely good level if the company manages to return to the growth path in line with its strategy in coming years. The expected return would be reasonable in this scenario, even if the current low revenue multiple remained stable. However, the company still has a lot to prove in generating profitable growth abroad, and current transition period further elevates the risk level of the share. In a good scenario, the expected return on the share would be further supported by upside in the valuation multiples if investors' confidence in Nixu's growth story started to strengthen once again.

Nixu's valuation is very low in relation to the valuation levels of the cybersecurity sector. For 2022, the company's cybersecurity peers NCC Group and Secureworks are priced with 2.2x and 1.9x revenue multiples. Compared to IT consultants, the revenue multiple for the next few years will be about 34-40% below the median level of the peer companies.

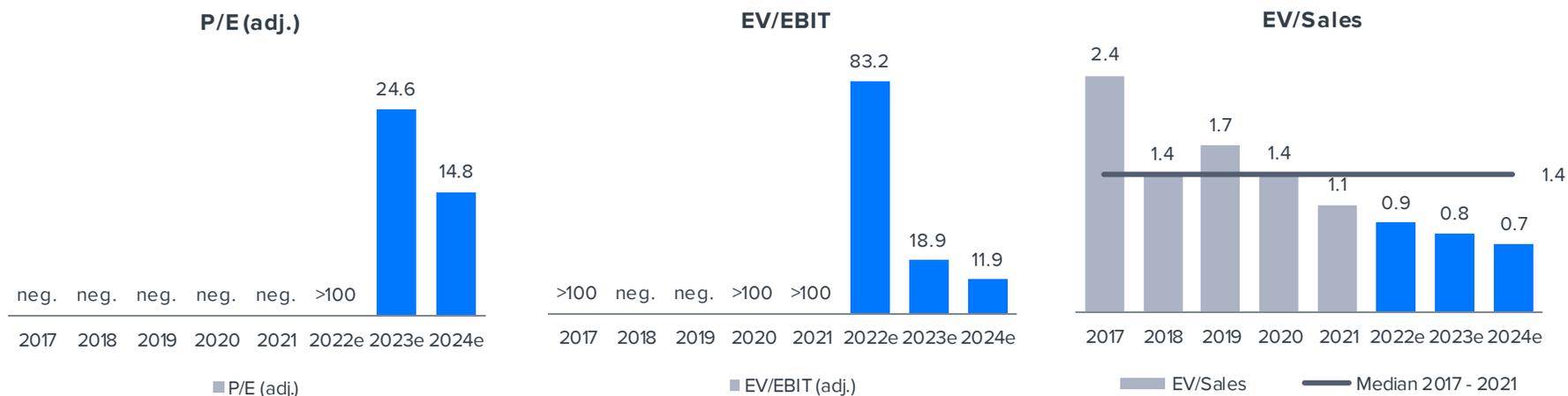
Valuation	2022e	2023e	2024e
Share price	6.02	6.02	6.02
Number of shares, million:	7.42	7.42	7.42
Market cap	45	45	45
EV	49	49	48
P/E (adj.)	>100	24.6	14.8
P/E	neg.	29.4	16.4
P/FCF	neg.	>100	27.2
P/B	3.5	3.2	2.6
P/S	0.8	0.7	0.6
EV/Sales	0.9	0.8	0.7
EV/EBITDA	23.4	12.3	8.7
EV/EBIT (adj.)	83.2	18.9	11.9
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

# Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	11.0	7.60	10.5	9.62	7.02	6.02	6.02	6.02	6.02
Number of shares, millions	6.63	7.23	7.41	7.41	7.42	7.42	7.42	7.42	7.42
Market cap	80	55	78	71	52	45	45	45	45
EV	76	55	85	74	55	49	49	48	45
P/E (adj.)	neg.	neg.	neg.	neg.	neg.	>100	24.6	14.8	10.5
P/E	neg.	neg.	neg.	neg.	neg.	neg.	29.4	16.4	11.3
P/FCF	32.3	neg.	neg.	13.0	neg.	neg.	>100	27.2	14.3
P/B	4.2	3.3	5.1	5.1	4.1	3.5	3.2	2.6	2.1
P/S	2.5	1.4	1.5	1.3	1.0	0.8	0.7	0.6	0.6
EV/Sales	2.4	1.4	1.7	1.4	1.1	0.9	0.8	0.7	0.6
EV/EBITDA	>100	neg.	81.1	25.4	37.6	23.4	12.3	8.7	6.3
EV/EBIT (adj.)	>100	neg.	neg.	>100	>100	83.2	18.9	11.9	8.0
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Inderes



# Peer group valuation

Peer group valuation Company	Share price	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E	
				2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e
Innofactor Plc	1.4	51	60	9.2	8.6	6.7	6.0	0.9	0.8	10.5	9.8
Bouvet ASA		726	710	18.4	16.2	15.5	13.9	2.3	2.0	24.3	21.5
Digia Oyj	7.5	202	219	14.3	12.7	9.8	9.2	1.3	1.3	16.9	15.1
Enea AB	217.0	457	512	16.8	15.6	11.4	10.5	4.6	4.5	20.0	19.0
Siili Solutions Oyj	13.8	96	98	10.4	9.4	6.8	6.1	0.9	0.8	10.8	9.7
Solteq Oyj	4.2	83	108	10.3	9.0	7.0	6.2	1.4	1.3	12.2	9.8
Tieto Oyj	26.6	3134	3849	11.2	10.5	7.6	7.3	1.3	1.3	11.1	10.4
Knowit AB	336.0	878	883	19.7	16.7	12.3	11.0	1.5	1.4	23.0	20.1
Vincit Oyj	6.7	86	81	11.6	11.6	9.0	8.1	1.2	1.1	13.3	11.1
Gofore Oyj	24.2	376	359	23.9	21.5	18.6	17.1	3.1	2.8	29.9	26.7
Bilot Oyj	5.6	32	23	11.3	7.6	11.3	7.6	0.7	0.7	16.2	12.3
Netum Group Oyj	4.1	48	45	15.7	12.6	10.1	8.4	1.6	1.4	17.8	14.4
F-Secure Oyj	4.4	703	691	22.5	18.2	15.9	13.7	2.7	2.5	30.0	25.0
NCC Group	190.40	694	820	13.7	12.2	10.8	9.6	2.2	2.0	16.5	14.4
SecureWorks	14.46	1074	894			99.5		1.9	1.9		
<b>Nixu (Inderes)</b>	<b>6.02</b>	<b>45</b>	<b>49</b>	<b>83.2</b>	<b>18.9</b>	<b>23.4</b>	<b>12.3</b>	<b>0.9</b>	<b>0.8</b>	<b>343.3</b>	<b>24.6</b>
<b>Average</b>				<b>14.9</b>	<b>13.0</b>	<b>16.8</b>	<b>9.6</b>	<b>1.8</b>	<b>1.7</b>	<b>18.0</b>	<b>15.7</b>
<b>Median</b>				<b>14.0</b>	<b>12.4</b>	<b>10.8</b>	<b>8.8</b>	<b>1.5</b>	<b>1.4</b>	<b>16.7</b>	<b>14.4</b>
<b>Diff-% to median</b>				<b>493%</b>	<b>52%</b>	<b>117%</b>	<b>39%</b>	<b>-43%</b>	<b>-45%</b>	<b>1952%</b>	<b>71%</b>

Source: Thomson Reuters / Inderes. NB: The market cap Inderes uses does not consider own shares held by the company.

# Income statement

Income statement	2019	H1'20	H2'20	2020	H1'21	H2'21	2021	H1'22e	H2'22e	2022e	2023e	2024e
Revenue	51.2	27.7	25.6	53.3	26.7	25.1	51.8	28.3	27.3	55.7	63.0	70.6
EBITDA	1.0	0.1	2.8	2.9	0.8	0.7	1.5	1.0	1.1	2.1	4.0	5.5
Depreciation	-3.7	-1.1	-2.5	-3.6	-1.0	-1.0	-1.9	-0.9	-0.9	-1.8	-1.7	-1.8
EBIT (excl. NRI)	-0.5	0.0	0.5	0.5	0.2	-0.2	0.0	0.3	0.3	0.6	2.6	4.0
EBIT	-2.6	-1.1	0.4	-0.7	-0.2	-0.3	-0.4	0.1	0.2	0.3	2.3	3.7
Net financial items	-0.6	-0.3	-0.3	-0.7	-0.2	-0.3	-0.5	-0.3	-0.3	-0.5	-0.4	-0.3
PTP	-3.2	-1.4	0.0	-1.4	-0.4	-0.6	-1.0	-0.1	-0.1	-0.2	1.9	3.4
Taxes	-0.3	-0.1	-0.4	-0.5	-0.1	0.0	0.0	0.0	0.0	0.0	-0.4	-0.7
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
Net earnings	-3.5	-1.5	-0.4	-1.8	-0.5	-0.5	-1.0	-0.1	-0.1	-0.2	1.5	2.7
EPS (adj.)	-0.19	-0.08	-0.04	-0.12	-0.01	-0.06	-0.07	0.00	0.01	0.02	0.24	0.41
EPS (rep.)	-0.47	-0.20	-0.05	-0.25	-0.06	-0.07	-0.13	-0.02	-0.01	-0.02	0.20	0.37

Key figures	2019	H1'20	H2'20	2020	H1'21	H2'21	2021	H1'22e	H2'22e	2022e	2023e	2024e
Revenue growth-%	27.5 %	7.7 %	0.5 %	4.1 %	-3.4 %	-2.1 %	-2.7 %	6.0 %	9.0 %	7.5 %	13.2 %	12.1 %
Adjusted EBIT growth-%		-	-	-	-	-	-	5%	-	-	342.0 %	54.4 %
EBITDA-%	2.0 %	0.2 %	11.1 %	5.4 %	3.0 %	2.7 %	2.8 %	3.5 %	4.0 %	3.7 %	6.3 %	7.7 %
Adjusted EBIT-%	-1.0 %	-0.1 %	2.0 %	0.9 %	0.9 %	-0.9 %	0.0 %	0.9 %	1.2 %	1.1 %	4.1 %	5.7 %
Net earnings-%	-6.9 %	-5.3 %	-1.5 %	-3.4 %	-1.7 %	-2.1 %	-1.9 %	-0.4 %	-0.2 %	-0.3 %	2.4 %	3.9 %

Source: Inderes

# Balance sheet

Assets	2020	2021	2022e	2023e	2024e
<b>Non-current assets</b>	<b>18.5</b>	<b>17.6</b>	<b>17.6</b>	<b>17.7</b>	<b>17.7</b>
Goodwill	12.7	12.6	12.6	12.6	12.6
Intangible assets	2.5	2.1	2.2	2.1	2.1
Tangible assets	3.0	2.4	2.3	2.4	2.5
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	0.3	0.3	0.3	0.3	0.3
Deferred tax assets	0.1	0.2	0.2	0.2	0.2
<b>Current assets</b>	<b>22.2</b>	<b>23.1</b>	<b>20.9</b>	<b>23.3</b>	<b>26.6</b>
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	16.2	19.1	16.5	18.3	20.9
Cash and equivalents	6.0	4.1	4.5	5.0	5.7
<b>Balance sheet total</b>	<b>40.7</b>	<b>40.7</b>	<b>38.5</b>	<b>41.0</b>	<b>44.3</b>

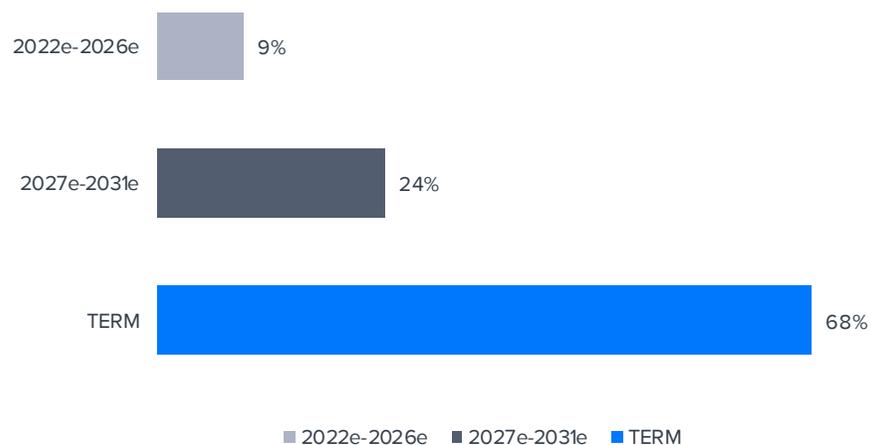
Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
<b>Equity</b>	<b>14.0</b>	<b>12.8</b>	<b>12.6</b>	<b>14.2</b>	<b>16.9</b>
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	-5.0	-6.1	-6.3	-4.8	-2.1
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	19.0	18.8	18.8	18.8	18.8
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>6.9</b>	<b>3.7</b>	<b>6.3</b>	<b>7.4</b>	<b>7.6</b>
Deferred tax liabilities	0.2	0.2	0.2	0.2	0.2
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	6.4	3.3	5.9	6.9	7.1
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.3	0.3	0.3	0.3	0.3
<b>Current liabilities</b>	<b>19.8</b>	<b>24.2</b>	<b>19.5</b>	<b>19.4</b>	<b>19.8</b>
Short term debt	1.9	4.1	2.8	2.4	1.5
Payables	17.9	20.1	16.7	17.0	18.4
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>40.7</b>	<b>40.7</b>	<b>38.5</b>	<b>41.0</b>	<b>44.3</b>

# DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
<b>EBIT (operating profit)</b>	<b>-0.4</b>	<b>0.3</b>	<b>2.3</b>	<b>3.7</b>	<b>5.3</b>	<b>5.9</b>	<b>6.7</b>	<b>7.3</b>	<b>7.5</b>	<b>7.8</b>	<b>8.0</b>	
+ Depreciation	1.9	1.8	1.7	1.8	1.8	1.8	1.8	1.8	1.8	1.9	1.9	
- Paid taxes	-0.2	0.0	-0.4	-0.7	-1.0	-1.2	-1.3	-1.5	-1.5	-1.5	-1.6	
- Tax, financial expenses	0.0	-0.1	-0.1	-0.1	-0.1	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	-0.7	-0.8	-1.5	-1.3	-1.1	-1.1	-0.2	-0.1	-0.2	-0.2	-0.1	
<b>Operating cash flow</b>	<b>0.6</b>	<b>1.2</b>	<b>2.0</b>	<b>3.4</b>	<b>4.9</b>	<b>5.4</b>	<b>6.9</b>	<b>7.5</b>	<b>7.7</b>	<b>7.9</b>	<b>8.1</b>	
+ 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	-0.9	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.9	-1.9	-1.9	
<b>Free operating cash flow</b>	<b>-0.3</b>	<b>-0.6</b>	<b>0.2</b>	<b>1.6</b>	<b>3.1</b>	<b>3.6</b>	<b>5.1</b>	<b>5.7</b>	<b>5.8</b>	<b>6.0</b>	<b>6.2</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	-0.3	-0.6	0.2	1.6	3.1	3.6	5.1	5.7	5.8	6.0	6.2	98.3
<b>Discounted FCFF</b>		<b>-0.5</b>	<b>0.2</b>	<b>1.3</b>	<b>2.2</b>	<b>2.4</b>	<b>3.1</b>	<b>3.2</b>	<b>2.9</b>	<b>2.8</b>	<b>2.7</b>	<b>42.0</b>
Sum of FCFF present value		62.2	62.8	62.6	61.3	59.0	56.7	53.6	50.4	47.5	44.7	42.0
<b>Enterprise value DCF</b>		<b>62.2</b>										
- Interesting bearing debt		-7.3										
+ Cash and cash equivalents		4.1										
-Minorities		0.0										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>59.0</b>										
<b>Equity value DCF per share</b>		<b>7.9</b>										

Cash flow distribution



Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	5.0 %
Equity Beta	1.10
Market risk premium	4.75%
Liquidity premium	3.00%
Risk free interest rate	2.0 %
<b>Cost of equity</b>	<b>10.2 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>9.0 %</b>

Source: Inderes

# Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	51.2	53.3	51.8	<b>55.7</b>	<b>63.0</b>	EPS (reported)	-0.47	-0.25	-0.13	<b>-0.02</b>	<b>0.20</b>
EBITDA	1.0	2.9	1.5	<b>2.1</b>	<b>4.0</b>	EPS (adj.)	-0.19	-0.12	-0.07	<b>0.02</b>	<b>0.24</b>
EBIT	-2.6	-0.7	-0.4	<b>0.3</b>	<b>2.3</b>	OCF / share	0.27	0.85	0.08	<b>0.16</b>	<b>0.28</b>
PTP	-3.2	-1.4	-1.0	<b>-0.2</b>	<b>1.9</b>	FCF / share	-1.14	0.74	-0.03	<b>-0.08</b>	<b>0.03</b>
Net Income	-3.5	-1.8	-1.0	<b>-0.2</b>	<b>1.5</b>	Book value / share	2.08	1.89	1.73	<b>1.70</b>	<b>1.91</b>
Extraordinary items	-2.1	-1.2	-0.5	<b>-0.3</b>	<b>-0.3</b>	Dividend / share	0.00	0.00	0.00	<b>0.00</b>	<b>0.00</b>
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	41.3	40.7	40.7	<b>38.5</b>	<b>41.0</b>	Revenue growth-%	28%	4%	-3%	<b>7%</b>	<b>13%</b>
Equity capital	15.4	14.0	12.8	<b>12.6</b>	<b>14.2</b>	EBITDA growth-%	-512%	177%	-49%	<b>42%</b>	<b>91%</b>
Goodwill	13.9	12.7	12.6	<b>12.6</b>	<b>12.6</b>	EBIT (adj.) growth-%	-32%	-194%	-98%	<b>4798%</b>	<b>342%</b>
Net debt	7.0	2.2	3.2	<b>4.2</b>	<b>4.3</b>	EPS (adj.) growth-%	7%	-38%	-40%	<b>-125%</b>	<b>1297%</b>
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	2.0 %	5.4 %	2.8 %	<b>3.7 %</b>	<b>6.3 %</b>
EBITDA	1.0	2.9	1.5	<b>2.1</b>	<b>4.0</b>	EBIT (adj.)-%	-1.0 %	0.9 %	0.0 %	<b>1.1 %</b>	<b>4.1 %</b>
Change in working capital	0.9	3.6	-0.7	<b>-0.8</b>	<b>-1.5</b>	EBIT-%	-5.1 %	-1.3 %	-0.9 %	<b>0.5 %</b>	<b>3.6 %</b>
Operating cash flow	2.0	6.3	0.6	<b>1.2</b>	<b>2.0</b>	ROE-%	-21.9 %	-12.5 %	-7.3 %	<b>-1.3 %</b>	<b>11.3 %</b>
CAPEX	-10.6	-1.0	-0.9	<b>-1.8</b>	<b>-1.8</b>	ROI-%	-10.1 %	-2.9 %	-2.1 %	<b>1.4 %</b>	<b>10.3 %</b>
Free cash flow	-8.5	5.5	-0.3	<b>-0.6</b>	<b>0.2</b>	Equity ratio	37.3 %	34.4 %	31.5 %	<b>32.8 %</b>	<b>34.5 %</b>
						Gearing	45.4 %	16.0 %	25.3 %	<b>33.4 %</b>	<b>30.4 %</b>
Valuation multiples	2019	2020	2021	2022e	2023e						
EV/S	1.7	1.4	1.1	<b>0.9</b>	<b>0.8</b>						
EV/EBITDA (adj.)	81.1	25.4	37.6	<b>23.4</b>	<b>12.3</b>						
EV/EBIT (adj.)	neg.	>100	>100	<b>83.2</b>	<b>18.9</b>						
P/E (adj.)	neg.	neg.	neg.	<b>&gt;100</b>	<b>24.6</b>						
P/B	5.1	5.1	4.1	<b>3.5</b>	<b>3.2</b>						
Dividend-%	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>						

Source: Inderes

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Accumulate The 12-month risk-adjusted expected shareholder return of the share is attractive

Reduce The 12-month risk-adjusted expected shareholder return of the share is weak

Sell The 12-month risk-adjusted expected shareholder return of the share is very weak

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## Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
1/30/2019	Accumulate	9.50 €	9.00 €
3/1/2019	Accumulate	9.50 €	8.48 €
3/29/2019	Accumulate	11.00 €	10.30 €
4/17/2019	Reduce	12.00 €	12.20 €
5/24/2019	Accumulate	12.00 €	10.50 €
8/16/2019	Accumulate	12.50 €	11.45 €
10/9/2019	Accumulate	13.00 €	11.95 €
11/26/2019	Reduce	10.50 €	10.90 €
2/14/2020	Reduce	11.00 €	10.80 €
3/12/2020	Accumulate	8.20 €	7.30 €
4/17/2020	Reduce	8.20 €	8.22 €
5/20/2020	Reduce	7.50 €	7.20 €
8/14/2020	Accumulate	8.50 €	8.02 €
10/14/2020	Accumulate	9.50 €	8.58 €
2/12/2021	Accumulate	11.50 €	10.80 €
4/16/2021	Accumulate	11.50 €	10.35 €
6/10/2021	Accumulate	11.00 €	8.90 €
6/24/2021	Accumulate	10.00 €	8.14 €
8/13/2021	Accumulate	10.00 €	8.16 €
10/15/2021	Accumulate	9.00 €	7.26 €
2/11/2022	Accumulate	7.00 €	6.02 €



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