

Koskisen

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Parempia aikoja kohti matalan arvostuksen varassa" published on 2/19/2024 at 8:09 am EET

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Toward better times with a low valuation

We reiterate our Accumulate recommendation and EUR 6.75 target price for Koskisen. Koskisen's Q4 report was broadly in line with our expectations, although we added some safety margin for profitability to our 2024 forecasts. In the current situation, the share cannot be priced at particularly high multiples, but the valuation is very moderate, especially on EV basis despite the short-term estimate cuts. Thus, we still find the share's risk/reward ratio attractive.

Operational development in Q4 was in line with the expectations we cut in the pre-comment

In Q4, Koskisen's 69 MEUR revenue generated an adjusted EBITDA of 5.5 MEUR. EBIT fell as expected from the strong comparison period, but the forecasts we updated in the pre-comment were slightly exceeded. While the Panel industry was still responsible for earnings driven by birch plywood, the forecast overshoot was explained by the Sawn Timber industry that pushed into black in a difficult market unlike many peers. The dividend proposal was slightly higher than our forecast at EUR 0.32 per share. We commented on the result in more detail on Friday [here](#).

After the guidance, we added a small safety margin to our forecasts

Koskisen issued a guidance for 2024 according to which revenue will grow from last year and the adjusted EBITDA margin will be 8-12%. Last year, Koskisen generated an adjusted EBITDA of 12.2% with a 271 MEUR revenue. Before the report, we expected the company to grow by about 12% and an adjusted EBITDA of 11%. Thus, our forecasts were in the range, but the guidance leaves the door open for a fairly clear earnings drop. As expected, the growth will depend on selling the increased capacity from the new Järvälä sawmill unit as well as the cautious price increase in sawn timber. In the Panel industry, this year is probably a defense game, as the weak demand for chipboard suffering from the construction cycle and high raw material costs challenge profitability and the demand for birch plywood does not seem to be picking up at least in H1, despite the continuing war-based supply disruption. We lowered the forecasts for the Panel industry slightly for 2024 due to volume and cost-based reasons, which was not fully compensated by the small forecasting hikes in the Sawn Timber industry that performed better than the peers in Q4. We now expect Koskisen to grow by 9% this year and an adjusted EBITDA margin of 10.4%. Our forecast focus on the end of the year, reflecting the economic growth expectations in Europe and the accumulated benefits of the Järvälä sawmill investment. In the coming years, we expect moderate earnings growth from the company as the fall in interest rates will gradually revive demand in the construction sector and support pricing in both businesses somewhat. However, our forecasts are clearly below Koskisen's target of over 15% EBITDA (2024e-2027e 10-12%)

Low valuation and reasonable dividend yield enable waiting for better times

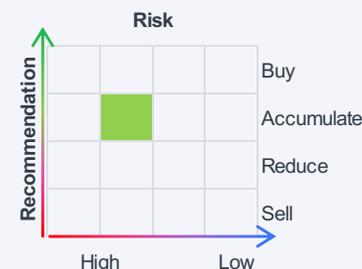
Koskisen's 2024 and 2025 EV/EBITDA ratios that consider the strong balance sheet are around 5x and 4x and the P/B ratio is 1.0x (2023 ACT.). We expect dividend income for the next few years to be some 5%. The multiples are close to the mid-point of the ranges (EV/EBITDA 3.5x -6.5x and P/B 0.7x-1.3x) we accept for Koskisen that consider the company's estimated return on capital and risk profile. Even with conservative long-term parameters, the DCF value is also above the current share price level. Thus, we believe that Koskisen's low valuation still forms an attractive risk/reward ratio (incl. upside if expectations are exceeded and support levels against disappointment) for the next 12 months. Thus, we will continue with a positive view of the share, although this year's declining result, the structure of the current result and the industry framework do not support high multiples for the share right now.

Recommendation

Accumulate
(previous Accumulate)

EUR 6.75
(previous EUR 6.75)

Share price:
6.18



Key figures

	2023	2024e	2025e	2026e
Revenue	271.2	294.2	322.3	341.8
growth-%	-15%	8%	10%	6%
EBIT adj.	24.4	18.6	22.4	27.1
EBIT-% adj.	9.0 %	6.3 %	6.9 %	7.9 %
Net Income	20.2	13.5	16.8	20.6
EPS (adj.)	0.88	0.59	0.73	0.89
P/E (adj.)	6.8	10.5	8.4	6.9
P/B	0.9	0.9	0.9	0.8
Dividend yield-%	5.0 %	5.2 %	5.2 %	5.2 %
EV/EBIT (adj.)	6.0	8.4	6.6	5.0
EV/EBITDA	4.4	5.1	4.2	3.4
EV/S	0.5	0.5	0.5	0.4

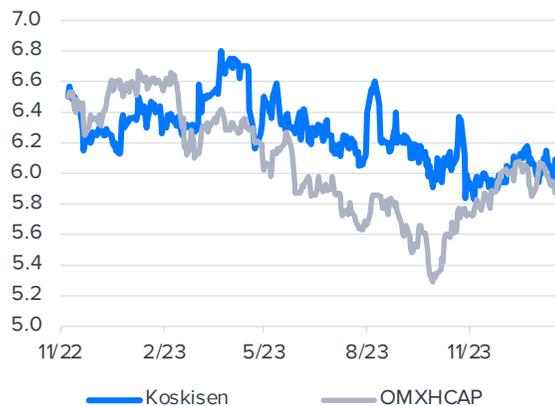
Source: Inderes

Guidance

(New guidance)

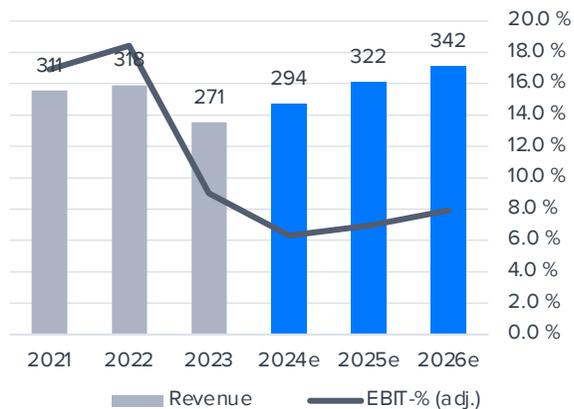
Koskisen Group's revenue for 2024 is expected to grow from the 2023 level. The adjusted EBITDA margin is expected to be 8-12%.

Share price



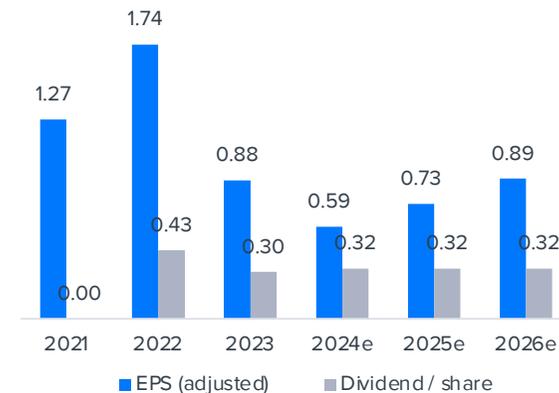
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Healthy long-term demand trends
- Increasing exports
- Improvement potential in the normalized profitability level
- Business generates value (ROIC>WACC) in a favorable cycle



Risk factors

- Cyclical demand
- Tight competition situation in the sawmill industry
- Bulky end products offer little room for differentiation Price is the main differentiation factor and thus demand is market driven
- Success in exports

Valuation	2024e	2025e	2026e
Share price	6.18	6.18	6.18
Number of shares, millions	23.0	23.0	23.0
Market cap	142	142	142
EV	156	149	136
P/E (adj.)	10.5	8.4	6.9
P/E	10.5	8.4	6.9
P/B	0.9	0.9	0.8
P/S	0.5	0.4	0.4
EV/Sales	0.5	0.5	0.4
EV/EBITDA	5.1	4.2	3.4
EV/EBIT (adj.)	8.4	6.6	5.0
Payout ratio (%)	54.6 %	43.7 %	35.8 %
Dividend yield-%	5.2 %	5.2 %	5.2 %

Source: Inderes

The difficult market slowed down both businesses

Performance deteriorated clearly, but was broadly in line with our expectations

Koskisen's revenue decreased 11% in Q4 to 69 MEUR which was quite clearly above our estimate. In the Sawn Timber industry, the company reached the production volumes and prices of the comparison period, which was the clearest driver of the revenue overshoot. In the Panel industry, the over 30% drop in volumes (especially in chipboard and, on a smaller scale, also in birch plywood) in turn pushed our revenue forecasts into a steeper downward trend in Q4. On the other hand, the average price of birch plywood appears to have remained strong in a supply-constrained market.

Koskisen's adjusted EBITDA was 5.5 MEUR in Q4. The operating result roughly halved from the strong comparison level, but Koskisen slightly exceeded our Q4 forecast that we updated in our pre-comment. Despite a very difficult market, the Sawn Timber

industry pushed above many competitors and our estimate expecting a zero result with its Q4 adjusted EBITDA of 1 MEUR although the ramp-up of the new sawmill line in Järvelä was still ongoing during the quarter and slightly delayed from the original plan. According to our estimate, the result of the Sawn Timber industry may also have been supported to some extent by the high demand for energy and pulpwood, and the price difference of these compared to logs that decreased throughout the year. The operating result of the Panel industry decreased clearly from the comparison period but roughly corresponded to our forecasts thanks to slightly better profitability than our estimate. From the comparison period, the result of the Panel industry fell clearly due to a decrease in volumes and an increase in raw material prices. The result of other operations was slightly negative, while we expected a small plus through allowance sales (emission allowances were sold for 0.7 MEUR in Q4).

Depreciation and taxes were lower than we expected in the bottom lines, which is why Koskisen's Q4 EPS exceeded our forecast slightly. In terms of cash flow, we also found the report reasonable, even though the cash flow from operating activities at 7 MEUR decreased at roughly the same rate as the result from the comparison period.

Balance sheet is still very strong

Due to the recent good results and the IPO, Koskisen's balance sheet is in very good condition, as the leverage at the end of Q4 was -2% (Q4'22: net leverage -21%). A strong balance sheet gives the company a buffer against cyclical risks and creates leeway for implementing the growth strategy. Koskisen intends to pay a dividend of EUR 0.32 per share this spring, which slightly exceeded our forecast.

Estimates MEUR / EUR	Q4'22	Q4'23	Q4'23e	Q4'23e	Consensus		2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	77.4		62.6				271
EBITDA (adj.)	10.7		5.1				33.0
EBIT	7.8		2.1				24.4
PTP	6.9		1.6				24.0
EPS (reported)	0.26		0.06				0.82
DPS	0.43		0.30				0.30
Revenue growth-%	-15.9 %		-19.1 %				2.0 %
EBITDA-% (adj.)	13.8 %		8.2 %				12.2 %

Source: Inderes

The difficult market situation also challenges 2024 performance

The guidance range widened clearly

Koskisen issued a guidance for 2024 according to which revenue will grow from last year and the adjusted EBITDA margin will be 8-12%. Last year, Koskisen generated an adjusted EBITDA of 12.2% with a 271 MEUR revenue. Before the report, we expected the company to grow by about 12% and an adjusted EBITDA of 11%. Thus, our forecasts were in the range, but the guidance also leaves the door open for a fairly clear earnings drop.

As far as the market is concerned, the situation remains twofold. In the Panel industry, the war-based supply disruption of the European birch plywood market is still ongoing, which tightens the market for now. In the Panel industry, the volumes of birch plywood probably decreased and prices increased last year, which we feel illustrates a certain fragility in the market, even though part of the volume drop may be explained by Koskisen's product mix optimization measures (i.e. producing products with higher margins that generate fewer cubes), the longer-than-

normal maintenance shutdown in July and, of course, the deep dip in chipboard demand in H2. In the long term, we are still skeptical about maintaining the average price levels and especially margin levels of last year, and we expect the situation will stabilize with one mechanism or another sooner or later.

In the Sawn Timber industry, the outlook is still difficult as construction is weak and prices are down. For the Sawn Timber industry, we estimate an improvement in the global market situation would require a pick-up in demand (i.e. construction), as supply seems sufficient. At least until next summer, this will not be seen in any area. Positive for the sawn timber market is that inventory levels in value chains are low and the negative profitability of many players do not, in our opinion, enable significant decreases in the price levels anymore. Thus, prices could have upward leverage as the fall in interest rates eventually starts to enliven construction. However, we expect Koskisen to be able to grow in the Sawn Timber industry also this year with the new Järvelä capacity,

as the company is a small player in the market and the track record in sales is quite good.

We lowered our estimates for 2024

We lowered our Panel industry forecasts slightly for this year due to volume and cost-based reasons, which were not compensated by the small forecast hikes in the Sawn Timber industry that performed better than its peers in Q4. We now expect Koskisen to grow by 9% for this year and an adjusted EBITDA margin of 10.4%. Our forecast focuses on the end of the year reflecting the expectations of European economic growth and benefits from the Järvelä sawmill investment. In the coming years, we expect moderate earnings growth from the company as the fall in interest rates will gradually revive demand in the construction sector and support pricing in both businesses. The main two-way risks associated with our estimates are the normalization of the birch plywood market, global development of construction, tighter competition and inflation.

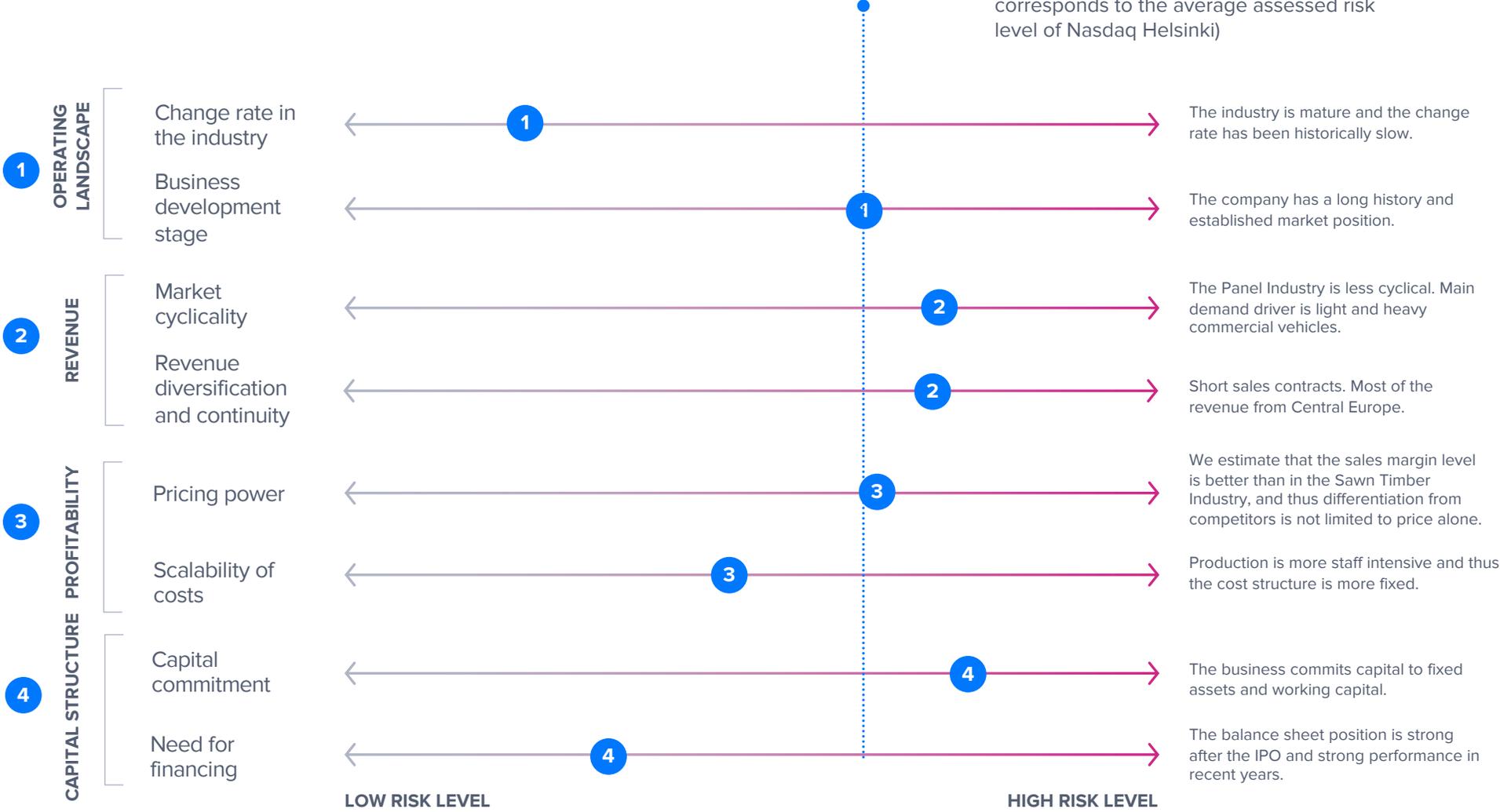
Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
	Old	New		Old	New		Old	New	
MEUR / EUR			%			%			%
Revenue	265	271	2%	296	294	-1%	313	322	3%
EBITDA	32.8	33.0	0%	33.4	30.6	-9%	35.1	35.6	1%
EBIT (exc. NRIs)	23.5	24.4	4%	20.4	18.6	-9%	21.5	22.4	4%
EBIT	23.5	24.4	4%	20.4	18.6	-9%	21.5	22.4	4%
PTP	22.8	24.0	5%	17.9	16.9	-6%	19.7	21.1	7%
EPS (excl. NRIs)	0.82	0.88	7%	0.62	0.59	-6%	0.68	0.73	7%
DPS	0.30	0.30	0%	0.30	0.32	7%	0.30	0.32	7%

Risk profile of Koskisen' Sawn Timber Industry



Risk profile of the Koskisen's Panel Industry

Assessment of the overall business risk of Koskisen's Panel Industry (mid-range corresponds to the average assessed risk level of Nasdaq Helsinki)



Source: Inderes

Risk/reward ratio is still good enough

Main focus on earnings multiples

We focus on earnings-based multiples in Koskisen's valuation. When examining earnings-based multiples, we favor the P/E ratio, as well as EV/EBITDA and EV/EBIT ratios that consider Koskisen's strong balance sheet. We feel acceptable EV/EBITDA ratios for Koskisen are roughly 3.5-6.5x, considering the growth and profitability levels of the business and the risk profile. The acceptable P/E based valuation range is 10x-14x in our opinion. On an annual basis, the multiples may occasionally stretch to a wide range, especially due to the strong cyclicity of the Sawn Timber Industry.

Valuation level is low and expected return is sufficient

With our 2024 and 2025 estimates, Koskisen's P/E ratios are around 11x and 8x and corresponding EV/EBITDA ratios are around 5x and 4x. Thus, the share is priced at the mid-point of the valuation ranges we accept with this year's multiples and at the bottom or below them with next year's multiples. Therefore, we still find the valuation attractive especially as we do not feel the estimate risks are clearly negative with the current forecasts. In the downward earnings trend of our neutral scenario for this year, the acceptable valuation is certainly not particularly high, especially in the prevailing interest rate environment, and the quality of the current result (i.e. actual result relies on the probably exceptionally high margins of the Panel industry) does not support high multiples either.

The balance sheet-based P/B 1.0x (2023) is also low. This is further emphasized by the fact that in assets equity faces fixed assets and working capital items. Therefore, we estimate that the balance sheet value

of equity already provides certain support for the share, even though balance sheet valuations below the balance sheet value of equity are no exception in the industry. The support also seems to hold, as Koskisen's share price has not fallen much recently, although H2 has proven clearly weaker than H1 and our expectations from the summer. The presence of support levels also improves the share's risk/reward picture.

Considering this overall picture, we estimate that the expected return consisting of decreased earnings, an increase in the acceptable valuation and around 5% dividend yield is higher than the required return for the next year. In 2025, we expect earnings growth to support the share slightly. The expected return would turn more clearly positive if Koskisen could raise its profitability to its target of over 15% adj. EBITDA-% (cf. our estimates of adj. EBITDA-%: 10-12 %).

DCF value above the share price

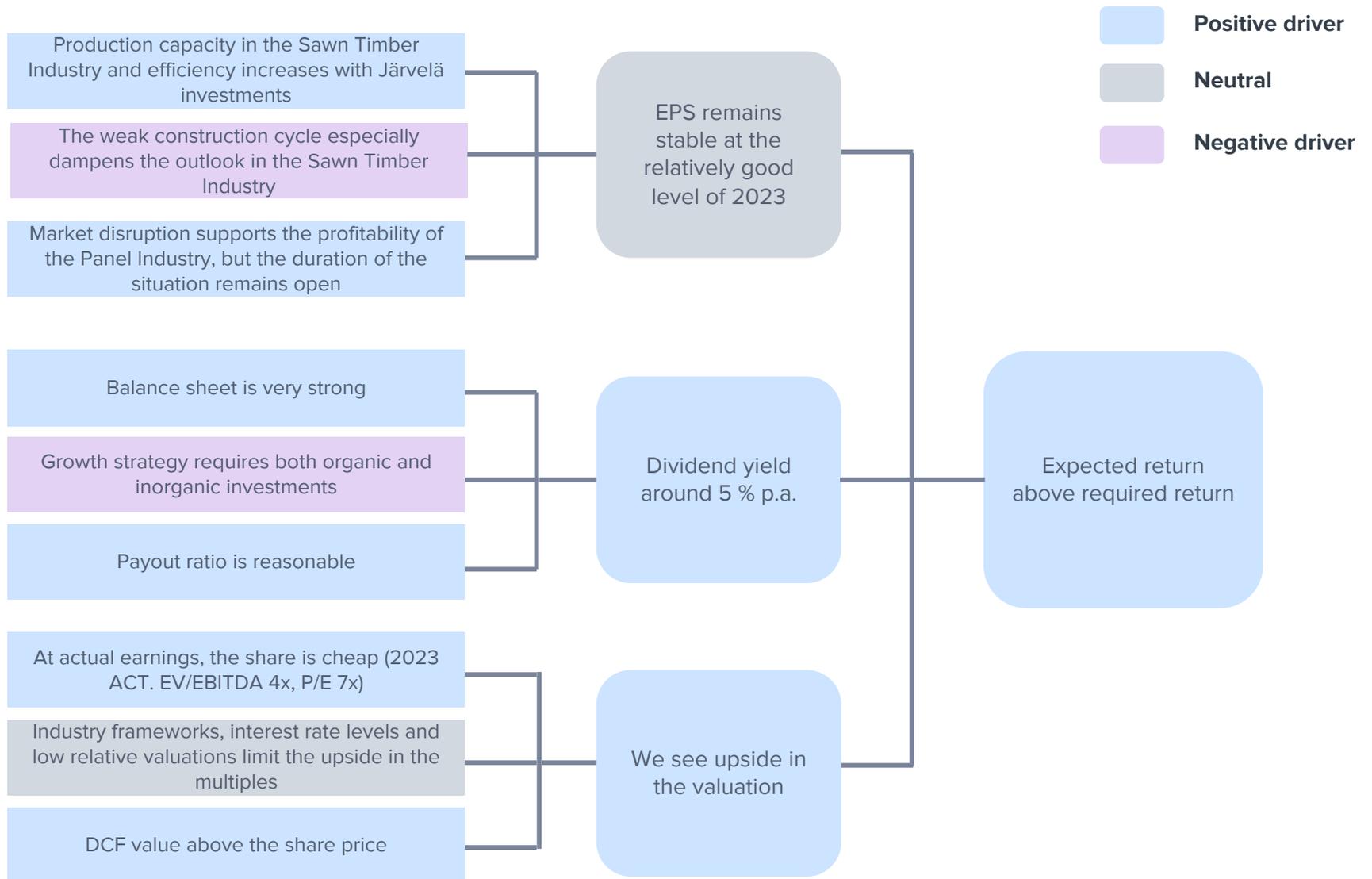
In relative terms, with 2023 and 2024 estimates Koskisen is priced at a discount relative to the loosely connected peer group. On a balance sheet basis, the discount is smaller. Therefore, we consider the relative valuation of the share to be moderate and do not feel the peer group is too pricey although there are reasons for the low pricing.

We give weight to the DCF model in our valuation despite it being sensitive to the variables of the terminal period. According to our DCF model, the share value is around EUR 7 per share, which supports our view based on the other methods that the share is priced at an attractive level. Our model is also conservative about long-term profitability and required return.

Valuation	2024e	2025e	2026e
Share price	6.18	6.18	6.18
Number of shares, millions	23.0	23.0	23.0
Market cap	142	142	142
EV	156	149	136
P/E (adj.)	10.5	8.4	6.9
P/E	10.5	8.4	6.9
P/B	0.9	0.9	0.8
P/S	0.5	0.4	0.4
EV/Sales	0.5	0.5	0.4
EV/EBITDA	5.1	4.2	3.4
EV/EBIT (adj.)	8.4	6.6	5.0
Payout ratio (%)	54.6 %	43.7 %	35.8 %
Dividend yield-%	5.2 %	5.2 %	5.2 %

Source: Inderes

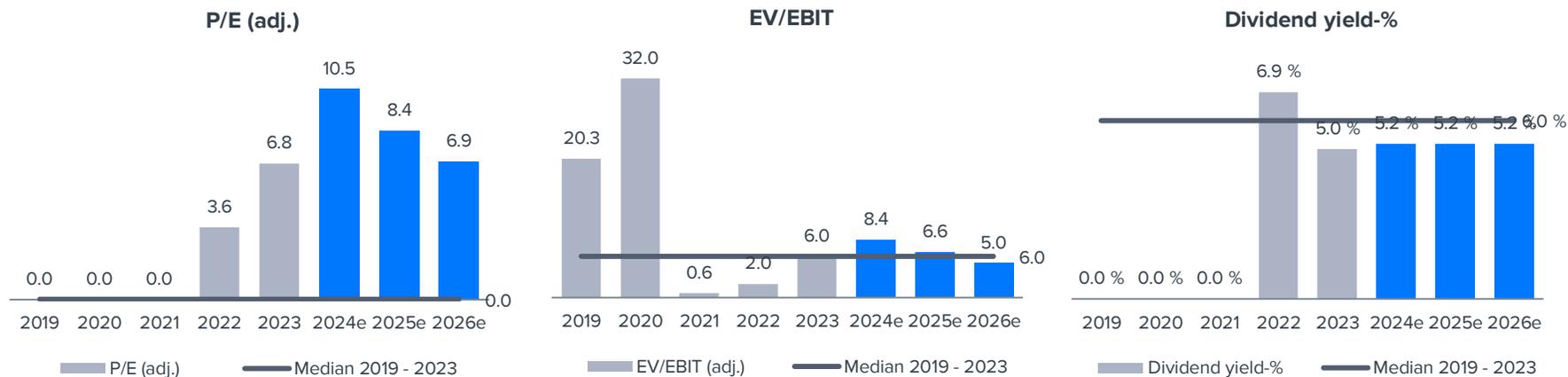
TSR drivers Q3'23 LTM-2025e



Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price					6.00	6.18	6.18	6.18	6.18
Number of shares, millions					23.0	23.0	23.0	23.0	23.0
Market cap					138	142	142	142	142
EV					146	156	149	136	120
P/E (adj.)					6.8	10.5	8.4	6.9	6.8
P/E					6.8	10.5	8.4	6.9	6.8
P/B					0.9	0.9	0.9	0.8	0.7
P/S					0.5	0.5	0.4	0.4	0.4
EV/Sales					0.5	0.5	0.5	0.4	0.4
EV/EBITDA					4.4	5.1	4.2	3.4	3.0
EV/EBIT (adj.)					6.0	8.4	6.6	5.0	4.5
Payout ratio (%)					34.2 %	54.6 %	43.7 %	35.8 %	38.6 %
Dividend yield-%					5.0 %	5.2 %	5.2 %	5.2 %	5.7 %

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
Bergs Timber AB													
Interfor Corp	710	1317			21.7	12.0	0.6	0.6					0.6
Boise Cascade	5248	4507	7.6	7.9	6.4	6.5	0.7	0.7	11.6	12.2	6.1	0.5	2.6
West Fraser Timber	6101	5771		13.9	11.1	6.8	1.0	1.0		23.7	1.5	1.6	0.9
Canfor	1314	1025			52.2	4.2	0.3	0.3					0.5
Stora Enso	8663	11252	44.4	18.7	12.0	9.2	1.2	1.2	57.8	22.5	2.5	2.8	0.8
STEICO	370	547	17.8	17.4	9.2	8.9	1.5	1.4	20.0	17.4	1.4	1.7	1.3
Koskisen (Inderes)	142	156	8.4	6.6	5.1	4.2	0.5	0.5	10.5	8.4	5.2	5.2	0.9
Average			23.3	14.5	18.7	7.9	0.9	0.9	29.8	18.9	2.9	1.6	1.1
Median			17.8	15.6	11.5	7.9	0.8	0.8	20.0	20.0	2.0	1.6	0.8
Diff-% to median			-53%	-57%	-56%	-47%	-37%	-44%	-47%	-58%	162%	219%	12%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	318	73.2	73.9	55.5	68.7	271	72.2	73.1	68.6	80.3	294	322	342	342
Sawn Timber industry	166	32.1	29.6	24.9	35.8	122	36.8	36.3	35.4	41.3	150	167	174	177
Panel industry	152	41.1	44.2	30.6	32.9	149	35.4	36.8	33.2	39.0	144	155	168	165
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	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
Adjustments	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
EBITDA	66.3	12.6	13.8	1.3	5.3	33.0	7.9	9.3	4.3	9.1	30.6	35.6	40.4	40.3
Depreciation	-8.1	-2.0	-2.1	-2.3	-2.3	-8.6	-3.0	-3.0	-3.0	-3.0	-12.0	-13.2	-13.3	-13.3
EBIT (excl. NRI)	58.5	10.7	11.7	-1.0	3.0	24.4	4.9	6.3	1.3	6.1	18.6	22.4	27.1	27.0
EBIT	58.2	10.7	11.7	-1.0	3.0	24.4	4.9	6.3	1.3	6.1	18.6	22.4	27.1	27.0
Sawn Timber industry (EBITDA)	41.6	1.6	1.6	-1.0	1.0	3.3	1.1	2.4	1.5	3.1	8.1	13.6	18.1	18.4
Panel industry (EBITDA)	29.3	9.8	12.2	2.6	4.7	29.3	6.0	6.9	3.1	5.8	21.9	22.1	22.5	22.1
Other	-4.3	1.2	-0.1	-0.3	-0.4	0.4	0.8	-0.1	-0.3	0.2	0.6	-0.2	-0.2	-0.2
Depreciation	-8.1	-2.0	-2.1	-2.3	-2.3	-8.6	-3.0	-3.0	-3.0	-3.0	-12.0	-13.2	-13.3	-13.3
Adjustments	-0.3	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	-0.4	-0.4	0.6	-0.3	-0.2	-0.3	-0.3	-0.4	-0.5	-0.5	-1.7	-1.3	-1.4	-0.9
PTP	57.8	10.3	12.3	-1.3	2.8	24.0	4.6	5.9	0.8	5.6	16.9	21.1	25.7	26.1
Taxes	-11.8	-1.5	-2.5	0.4	-0.2	-3.8	-0.9	-1.2	-0.2	-1.1	-3.4	-4.2	-5.1	-5.2
Minority interest	-6.2	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	39.8	8.8	9.8	-1.0	2.6	20.2	3.7	4.7	0.7	4.5	13.5	16.8	20.6	20.9
EPS (adj.)	1.74	0.38	0.43	-0.04	0.11	0.88	0.16	0.20	0.03	0.19	0.59	0.73	0.89	0.91
EPS (rep.)	1.73	0.38	0.43	-0.04	0.11	0.88	0.16	0.20	0.03	0.19	0.59	0.73	0.89	0.91
Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	2.1 %	0.0 %	0.0 %	0.0 %	-78.4 %	-14.6 %	-1.4 %	-1.0 %	23.6 %	16.9 %	8.5 %	9.6 %	6.1 %	0.0 %
EBITDA-%	20.9 %	17.2 %	18.7 %	2.4 %	7.6 %	12.2 %	10.9 %	12.7 %	6.3 %	11.3 %	10.4 %	11.0 %	11.8 %	11.8 %
Adjusted EBIT-%	18.4 %	14.5 %	15.9 %	-1.7 %	4.4 %	9.0 %	6.8 %	8.6 %	1.9 %	7.6 %	6.3 %	6.9 %	7.9 %	7.9 %
Net earnings-%	12.5 %	12.0 %	13.3 %	-1.8 %	3.8 %	7.4 %	5.1 %	6.4 %	0.9 %	5.6 %	4.6 %	5.2 %	6.0 %	6.1 %

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	105	130	138	137	135
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	0.9	1.3	1.7	2.1	2.5
Tangible assets	99.0	124	132	131	128
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	4.5	4.6	4.6	4.6	4.6
Other non-current assets	0.1	0.0	0.0	0.0	0.0
Deferred tax assets	0.1	0.1	0.1	0.1	0.1
Current assets	154	140	141	136	143
Inventories	34.2	37.5	38.2	41.9	44.4
Other current assets	9.9	22.9	22.9	22.9	22.9
Receivables	25.5	23.4	29.4	32.2	34.2
Cash and equivalents	84.4	55.8	50.0	38.7	41.0
Balance sheet total	259	269	279	273	278

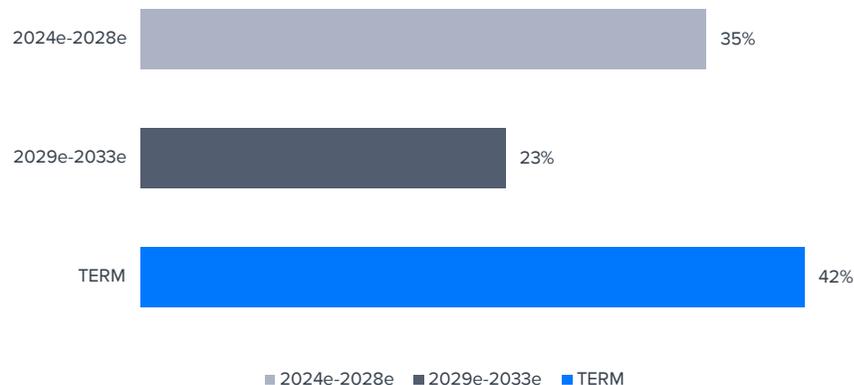
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	136	147	154	163	177
Share capital	1.5	1.5	1.5	1.5	1.5
Retained earnings	60.6	51.5	58.1	67.6	80.8
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	73.7	94.2	94.2	94.2	94.2
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	56.3	64.1	66.6	49.9	40.3
Deferred tax liabilities	3.7	5.7	5.7	5.7	5.7
Provisions	0.1	0.2	0.2	0.2	0.2
Interest bearing debt	49.4	55.2	57.7	40.9	31.3
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	3.0	3.1	3.1	3.1	3.1
Current liabilities	66.5	57.8	58.1	59.7	61.0
Interest bearing debt	6.5	8.5	6.0	4.3	3.2
Payables	59.1	32.8	35.6	39.0	41.3
Other current liabilities	0.9	16.5	16.5	16.5	16.5
Balance sheet total	259	269	279	273	278

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-14.6 %	8.5 %	9.6 %	6.1 %	0.0 %	3.0 %	2.5 %	2.5 %	2.5 %	2.5 %	2.0 %	2.0 %
EBIT-%	9.0 %	6.3 %	6.9 %	7.9 %	7.9 %	6.0 %	6.0 %	5.5 %	5.0 %	5.0 %	5.0 %	5.0 %
EBIT (operating profit)	24.4	18.6	22.4	27.1	27.0	21.1	21.7	20.3	19.0	19.4	19.8	
+ Depreciation	8.6	12.0	13.2	13.3	13.3	13.6	13.6	13.3	13.0	12.9	12.8	
- Paid taxes	-1.8	-3.3	-4.2	-5.1	-5.2	-4.1	-4.2	-4.0	-3.7	-3.8	-3.9	
- Tax, financial expenses	-0.1	-0.5	-0.4	-0.4	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	
+ Tax, financial income	0.0	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	
- Change in working capital	-24.9	-4.0	-3.1	-2.1	0.0	-1.1	-1.0	-1.0	-1.0	-1.0	-0.8	
Operating cash flow	6.2	22.9	28.0	32.9	34.9	29.4	29.9	28.6	27.2	27.4	27.8	
+ Change in other long-term liabilities	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-33.7	-20.4	-12.4	-11.4	-11.4	-11.4	-11.4	-11.4	-12.4	-12.4	-13.1	
Free operating cash flow	-27.3	2.5	15.6	21.5	23.5	18.0	18.5	17.2	14.8	15.0	14.7	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-27.3	2.5	15.6	21.5	23.5	18.0	18.5	17.2	14.8	15.0	14.7	181
Discounted FCFF	2.3	13.0	16.2	16.1	11.2	10.4	8.8	6.9	6.3	5.6	69.1	
Sum of FCFF present value		166	164	151	134	118	107	96.6	87.8	81.0	74.7	69.1
Enterprise value DCF		166										
- Interest bearing debt		-63.7										
+ Cash and cash equivalents		55.8										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		158										
Equity value DCF per share		6.9										

Cash flow distribution

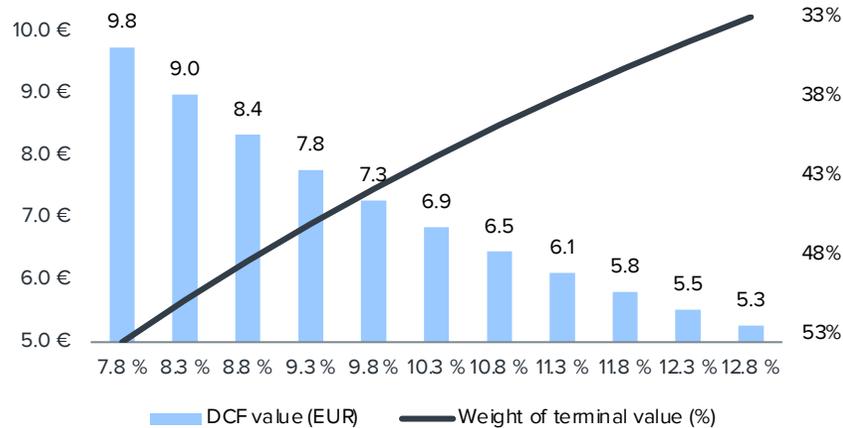


WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	17.5 %
Cost of debt	5.0 %
Equity Beta	1.60
Market risk premium	4.75%
Liquidity premium	1.50%
Risk free interest rate	2.5 %
Cost of equity	11.6 %
Weighted average cost of capital (WACC)	10.3 %

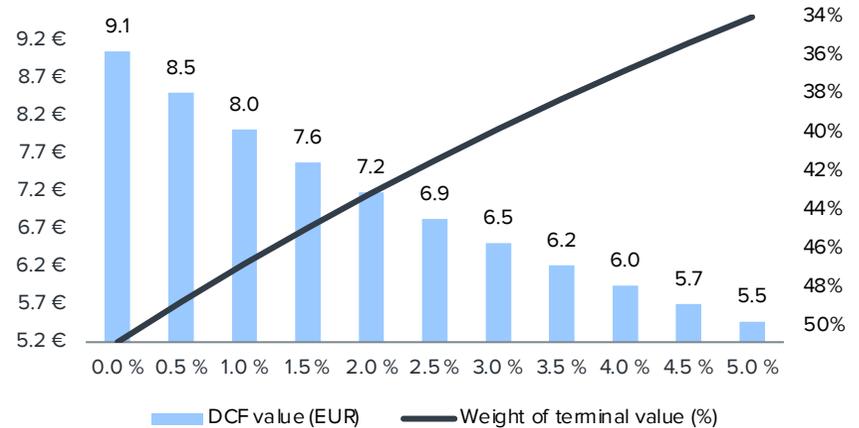
Source: Inderes

DCF sensitivity calculations and key assumptions in graphs

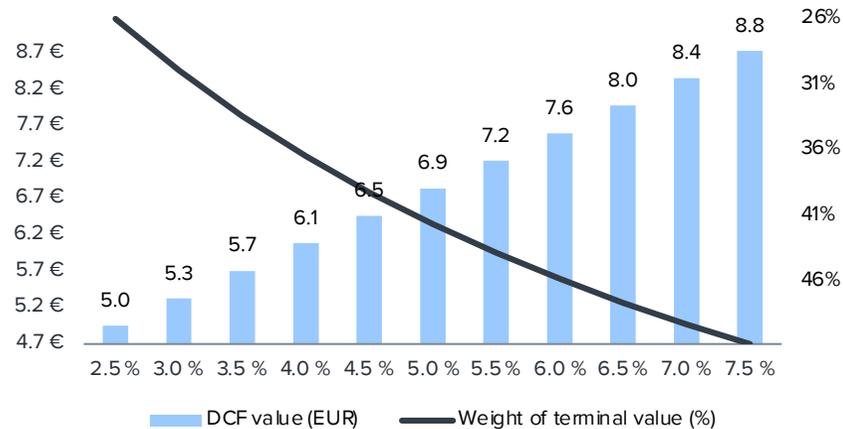
Sensitivity of DCF to changes in the WACC-%



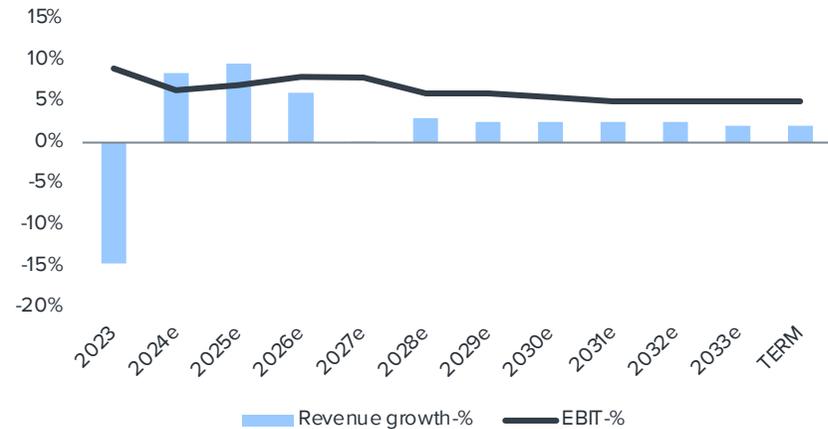
Sensitivity of DCF to changes in the risk-free rate



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	311.3	317.7	271.2	294.2	322.3	EPS (reported)	1.27	1.73	0.88	0.59	0.73
EBITDA	62.2	66.3	33.0	30.6	35.6	EPS (adj.)	1.27	1.74	0.88	0.59	0.73
EBIT	52.7	58.2	24.4	18.6	22.4	OCF / share	2.29	2.07	0.27	0.99	1.22
PTP	47.9	57.8	24.0	16.9	21.1	FCF / share	1.44	2.43	-1.19	0.11	0.68
Net Income	29.2	39.8	20.2	13.5	16.8	Book value / share	1.55	5.90	6.40	6.68	7.09
Extraordinary items	0.0	-0.3	0.0	0.0	0.0	Dividend / share	0.00	0.43	0.30	0.32	0.32
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	200.3	258.6	269.2	278.6	272.9	Revenue growth-%	0%	2%	-15%	8%	10%
Equity capital	58.8	135.8	147.2	153.8	163.3	EBITDA growth-%		7%	-50%	-7%	16%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%		11%	-58%	-24%	21%
Net debt	34.1	-28.5	7.9	13.7	6.5	EPS (adj.) growth-%		37%	-50%	-33%	25%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	20.0 %	20.9 %	12.2 %	10.4 %	11.0 %
EBITDA	62.2	66.3	33.0	30.6	35.6	EBIT (adj.)-%	16.9 %	18.4 %	9.0 %	6.3 %	6.9 %
Change in working capital	-6.1	12.3	-24.9	-4.0	-3.1	EBIT-%	16.9 %	18.3 %	9.0 %	6.3 %	6.9 %
Operating cash flow	52.7	47.6	6.2	22.9	28.0	ROE-%	0.0 %	46.4 %	14.3 %	9.0 %	10.6 %
CAPEX	-9.7	-22.0	-33.7	-20.4	-12.4	ROI-%	0.0 %	35.8 %	12.1 %	9.0 %	10.8 %
Free cash flow	33.0	55.9	-27.3	2.5	15.6	Equity ratio	29.4 %	52.5 %	54.7 %	55.2 %	59.8 %
						Gearing	57.9 %	-21.0 %	5.4 %	8.9 %	4.0 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	0.1	0.4	0.5	0.5	0.5						
EV/EBITDA (adj.)	0.5	1.8	4.4	5.1	4.2						
EV/EBIT (adj.)	0.6	2.0	6.0	8.4	6.6						
P/E (adj.)	0.0	3.6	6.8	10.5	8.4						
P/B	0.0	1.1	0.9	0.9	0.9						
Dividend-%		6.9 %	5.0 %	5.2 %	5.2 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2/24/2023	Reduce	6.00 €	6.35 €
3/17/2023	Reduce	6.00 €	6.29 €
----- Analyst changed -----			
5/25/2023	Reduce	6.75 €	6.40 €
8/11/2023	Accumulate	6.75 €	6.19 €
8/25/2023	Accumulate	7.50 €	6.40 €
11/20/2023	Accumulate	7.00 €	6.35 €
2/13/2023	Accumulate	6.75 €	6.05 €
2/19/2023	Accumulate	6.75 €	6.18 €



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