

CapMan

Company report

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Sauli Vilén
+358 44 025 8908
sauli.vilen@inderes.fi



Kasper Mellas
+358 45 6717 150
kasper.mellas@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report “Ei syytä heittää pyyhettä kehään” published on 8/3/2023 at 10:29 pm EEST

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No need to throw in the towel

CapMan clearly reported a more modest Q2 result than we expected, which has led to a drastic decline in our earnings estimates for the coming years mainly in terms of heavily fluctuating investment and carried interest income. Reflecting our estimate cuts, we lower our target price to EUR 2.7 (was EUR 2.9). However, we still believe that the expected return of the share is good if our earnings estimates materialize, so we reiterate our Accumulate recommendation.

The key lines of the Q2 result were soft

The result disappointment was based on lower than expected carried interest income and asset management fees. Investment income also fell short of expectations. However, in light of the figures, the company's fundraising seems to continue as decent, as CapMan raised about EUR 200 million in new capital in its funds during H1. However, exits and negative value changes in open real estate funds decreased AUM from the previous quarter, contrary to our expectations. Surprises also continued in the other lines of the income statement as financial expenses and income taxes were lower than we estimated. Group costs were, in turn, higher than we expected. Thus, CapMan's EPS was EUR 0.02, while our own expectation was EUR 0.05. As a whole, the report leaned to the negative, although in the alternative funds business, individual, financially weaker quarters and periods of slower growth should not be given too much weight.

2023 estimates decreased as the outlook for carried interest income and investment income weakened

We have revised our earnings estimates for the next few years clearly downward after the Q2 report. Most of the estimate revisions were directed at strongly fluctuating investment income, which we expect to remain at a few per cent this year. We have also slightly cut our expectations of 2024 investment income as the outlook remains foggy on the capital market, shifted our expectations about the timing of carried interest income, and reviewed the total amount of these slightly downwards while the transaction market remains cool. Our growth expectation for AUM has also decreased slightly, as we now estimate that the closures of funds in the fundraising phase will focus on the end of the year. Overall, our EPS estimate has decreased by 37% for 2023 and by 18% for 2024. Despite the challenges in the short term, we expect CapMan's AUM to grow this year and the company's results to return to growth from 2024 onwards as the size of the Management Company business continues to grow. However, the quality of the company's result will remain weak in the next few years, as difficult-to-predict investment income has a significant impact on profitability.

The share valuation is not unreasonable despite the estimate cuts

In our view, CapMan's current earnings-based valuation (P/E 2024e-2025e 12-15x) is still not too challenging, given the company's strong track-record and good longer-term earnings growth outlook. The dividend yield is also strong at ~7-8% and the associated risk is moderate, providing a clear backstop to the share price. In our opinion, the 2023 result does not provide a relevant focus point for the valuation, because due to low investment income, profitability is clearly below the normalized earnings level we expect for the company. We still see the dividend, the potential for longer-term earnings growth and the M&A card on the table (Frimodig's transition to COTB) as providing an adequate risk/return ratio at the current share price level.

Recommendation

Accumulate
(previous Accumulate)

EUR 2.70
(previous EUR 2.90)

Share price:
2.57



Key figures

	2022	2023e	2024e	2025e
Revenue	67.5	67.2	78.8	83.8
growth-%	28%	-1%	17%	6%
EBIT adj.	53.1	22.2	41.6	48.4
EBIT-% adj.	78.6 %	33.0 %	52.8 %	57.8 %
Net Income	39.6	15.9	28.2	33.7
EPS (adj.)	0.25	0.10	0.18	0.21

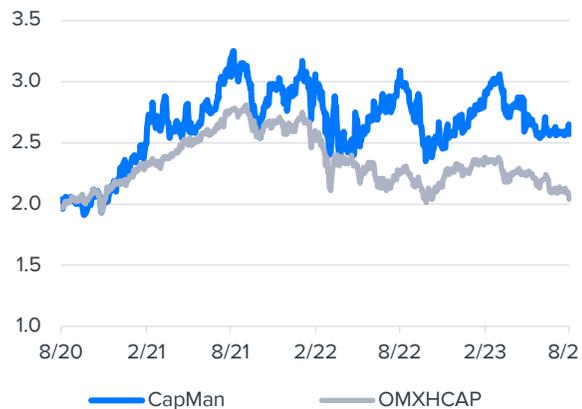
P/E (adj.)	11.6	25.6	14.5	12.2
P/B	3.3	3.2	3.2	3.1
Dividend yield-%	5.9 %	7.0 %	7.4 %	7.9 %
EV/EBIT (adj.)	9.5	21.6	11.6	9.9
EV/EBITDA	8.8	20.3	11.2	9.6
EV/S	7.5	7.1	6.1	5.7

Source: Inderes

Guidance

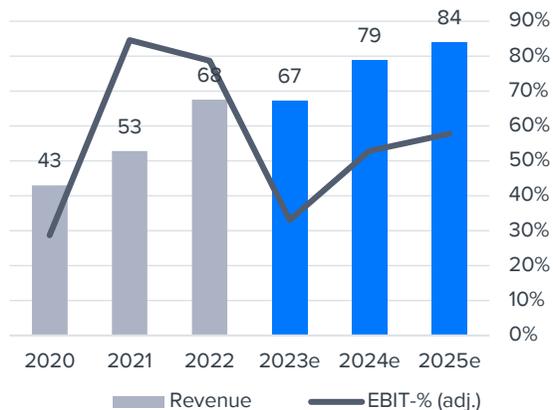
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Share price



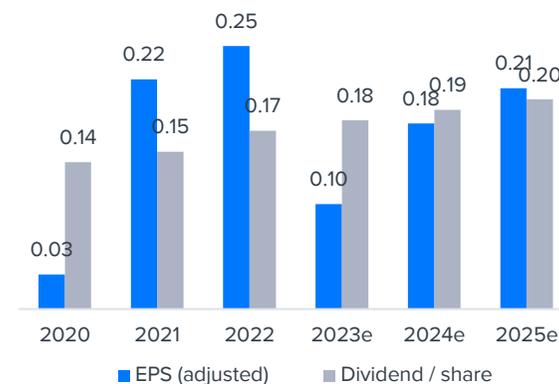
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- New products
- Growth in open-end products
- Increase in carried interest income
- Ramping up CWS
- Growth in Service business
- Improving cost efficiency



Risk factors

- Sustainability of cost level
- Funds' ability to generate good returns for investors
- Investment portfolio's share of result still significant
- Market situation

Valuation	2023e	2024e	2025e
Market cap	408	408	408
EV	479	481	479
P/E (oik.)	25.6	14.5	12.2
P/E	25.6	14.5	12.2
P/FCF	48.4	12.5	10.2
P/B	3.2	3.2	3.1
P/S	6.1	5.2	4.9
EV/Sales	7.1	6.1	5.7
EV/EBITDA	20.3	11.2	9.6
EV/EBIT (adj.)	21.6	11.6	9.9
Payout ratio (%)	180%	107%	95%
Dividend yield-%	7.0 %	7.4 %	7.9 %

Source: Inderes

Key lines of the Q2 result were soft

Turnover fell short of expectations on almost every line

The turnover from the Management Company business fell short of our estimates, as the fees from wealth advisory services were clearly lower than expected and the carried interest income recorded in the quarter was more modest than we expected. CapMan recorded EUR 2.8 million of these for Q2 from the Growth I fund where we expected an income of EUR 5 million. Management fees were also slightly below our expectations as fund capital decreased due to exits and depreciation of open real estate funds.

However, management fees increased by around 5% from the comparison period, which is important from the viewpoint of the company's long-term development. CapMan's AUM amounted to EUR 5.0 billion at the end of Q2 (estimate EUR 5.1 bn). The Services business continued to grow well, and the segment's turnover was well in line with our estimate.

EBIT was also clearly below expected

Contrary to expectations, the costs of the Management Company business remained at the level of the comparison period, which compensated somewhat for the turnover disappointment. Even so, the segment's EBIT fell short of our expectations (5.0 vs. 8.4 estimate). Profitability adjusted for non-recurring items was also 20% weaker than expected (Q2'23e: 27.3%).

The EBIT of the Services business hit the board well due to the fairly fixed and well-predictable cost structure of the segment, and was EUR 1.5 million, which corresponds to an excellent margin of almost 60%. As in Q1, investment income was in the red while we expected them to be slightly positive. Negative investment income was based on value decreases in external VC funds. Value entries of CapMan's own funds were positive based on the report.

Surprises also continued in the other lines of the income statement as financial expenses and income taxes were lower than we estimated. Group costs were, in turn, higher than we expected. Thus CapMan's EPS was EUR 0.02, while our own expectation was EUR 0.05.

New sales slows down, but is not stopping

CapMan has accumulated a relatively good amount of new fund investments in H1 despite the clear slowdown in the market (~200 MEUR). Despite the market challenges, the company's management believes that new sales will perform nicely in H2 and AUM will grow from the previous year. The company also presented an updated fundraising schedule during the earnings call, according to which CapMan will start fundraising for three new flagship funds over the next 12 months, which we believe is an encouraging sign of the demand outlook for these funds.

Estimates MEUR / EUR	Q2'22	Q2'23	Q2'23e	Q2'23e	Consensus		Difference (%)	2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	17.7	16.5	20.1				-18%	74.2
EBIT	14.1	4.2	11.5				-63%	29.2
PTP	13.0	3.8	10.5				-64%	26.4
EPS (adj.)	0.07	0.02	0.05				-60%	0.14
Revenue growth-%	48.8 %	-6.7 %	13.7 %				-20.4 pp	9.9 %
EBIT-% (adj.)	79.8 %	25.3 %	57.2 %				-31.9 pp	39.4 %

Source: Inderes

Biggest estimate changes directed at investment income

Estimate changes:

- We made clear downward adjustments to our estimates after the Q2 report. Most of the estimate revisions were, however, directed at strongly fluctuating investment income, which we expect to remain at a few per cent this year. We have also slightly cut our expectation of next year's investment income while the outlook remains foggy on the capital market.
- We updated our estimates of carried interest income for the coming years. We now expect the carried interest income of the NRE I fund to be recognized only next year (previously 2023) and of the NRE II fund in 2025 (previously 2024). In addition, we have lowered our total profit distribution estimates for the Growth I fund by EUR 2 million after the fund's largest investment is sold.
- We have moderately cut our growth estimates for AUM for 2023, as we expect that the closures of funds in the fundraising phase will focus on the end of the year.
- We revised our Group cost estimate for 2023 slightly upwards after Q2's negative surprise.

Operational earnings drivers:

- We do not expect the company's EPS to increase from 2022 levels in the current strategy period due to the completely exceptional level of investment income in that year. However, the earnings mix improves clearly as the focus shifts more to recurring fees.
- For investors, the most important earnings component for the coming years is profitability based on management fees. To realize this, the company needs both new sales and continuous improvement in cost efficiency. Due to improved product quality, the company continues to have excellent preconditions for new sales despite the challenging market in the short-term. In terms of cost efficiency, the company still has to prove itself. During the strategy period, the company's focus has shifted more strongly to the profitability of continuous operations.
- The long-awaited increase in carried interest income will also support earnings significantly in the coming years, and as the funds continue to perform well, the outlook for the longer term is also strong.

Estimate revisions MEUR / EUR	2023e		Change %	2024e		Change %	2025e		Change %
	Old	New		Old	New		Old	New	
Revenue	76.1	67.2	-12%	78.8	78.8	0%	82.9	83.8	1%
EBIT (exc. NRIs)	34.9	22.2	-37%	47.0	41.6	-11%	47.4	48.4	2%
EBIT	34.9	22.2	-37%	47.0	41.6	-11%	47.4	48.4	2%
PTP	31.4	19.3	-38%	41.9	36.2	-14%	42.4	42.7	1%
EPS (excl. NRIs)	0.16	0.10	-37%	0.22	0.18	-18%	0.21	0.21	-1%
DPS	0.18	0.18	0%	0.19	0.19	0%	0.20	0.20	0%

Source: Inderes

Watch the Q2 earnings call:



Summary of estimates

MEUR	2021	2022	2023e	2024e	2025e	2026e
Revenue	52.8	67.5	67.1	78.8	83.8	87.0
Management fees from funds	36.6	38.8	41.2	44.3	49.1	53.7
Carried interest income	2.9	9.6	7.5	14.4	13.0	10.0
Fees from wealth advisory services	4.2	8.0	7.3	7.7	8.1	8.5
Service business	8.6	11.1	10.8	11.9	13.1	14.4
Other and eliminations	0.5	0.6	0.6	0.5	0.5	0.5
Personnel costs	-30.6	-34.6	-34.7	-36.7	-39.2	-41.8
Other costs	-10.0	-12.2	-13.0	-13.7	-14.6	-15.4
Depreciation	-1.5	-4.2	-1.4	-1.2	-1.4	-1.6
Changes in fair value	33.9	36.5	4.2	14.4	19.8	19.8
EBIT	44.6	53.1	22.2	41.6	48.4	48.1
Management Company business	13.2	22.3	18.8	27.1	28.1	27.2
Services	4.2	3.0	6.4	7.1	7.9	8.7
Investments	32.7	35.7	3.5	13.5	18.9	18.9
Group costs	-5.4	-7.9	-6.6	-6.1	-6.4	-6.7
EBIT adjusted for investments and profit distribution	9.1	7.8	11.1	13.7	16.5	19.2
Assets under management (MEUR)	4,909	5,039	5,276	5,926	6,576	7,226
<i>Growth %</i>	28%	3%	5%	12%	11%	10%
Private Equity	991	933	900	1,000	1,000	1,000
Real Estate	3,060	3,187	3,276	3,626	3,976	4,326
Infra	355	442	600	700	850	1,000
Others	503	478	500	600	750	900
<i>EBIT-%</i>	84.6%	78.6%	33.0%	52.8%	57.8%	55.3%
<i>EBIT % without investments and profit distribution</i>	18.2%	13.5%	18.6%	21.3%	23.3%	24.9%
<i>EPS</i>	0.22	0.25	0.10	0.18	0.21	0.20
<i>Dividend/share</i>	0.15	0.17	0.18	0.19	0.20	0.21
<i>Profit distribution %</i>	68%	68%	180%	107%	95%	105%
<i>ROE-%</i>	28.8%	29.8%	11.8%	21.9%	25.8%	24.4%
<i>Equity per share</i>	0.80	0.89	0.81	0.81	0.83	0.82
<i>Income from balance sheet investments %</i>	26.0%	21.7%	2.3%	8.0%	11.0%	11.0%

Valuation is not unreasonable, despite estimate cuts

This year is clearly more challenging for CapMan than the fat previous years in terms of investment income and new sales, which means that a clear downward adjustment is expected for the result. However, we expect the company's result to return to growth after the gap year 2023 as the size class of the Management Company business continues to grow.

Due to the estimate cuts, we have revised our target price downwards to EUR 2.7 per share (was EUR 2.9). We have maintained our Accumulate recommendation as we still see the dividend, the potential for longer-term earnings growth and the M&A card on the table (Frimodig's transition to COTB) as providing an adequate risk/return ratio at the current share price level.

Earnings-based valuation

In our view, CapMan is excellently positioned in its sector (asset management + alternative asset classes) and the execution of its strategy has been very convincing in recent years. Profitability based on recurring fees remains at a good level, but our concerns about the scaling of the Management Company business are elevated due to the chronic increase in staff costs.

The quality of earnings will remain quite poor for the next few years, as our earnings estimates focus on investment income and carried interest income. Although the nature of carried interest income will become more continuous in the coming years, they are still much less valuable to investors than income based on recurring fees. As the earnings distribution improves, we still see upside to the company's multiples in the next few years, especially as the current market uncertainty eventually eases. In the

bigger picture, we expect CapMan's EBIT to fall clearly this year due to low balance sheet investment income, but then return to the level of around EUR 40-50 million. This means P/E ratios of 12-14x and EV/EBIT ratios of 10-11x for 2024e-2025e. We do not find the level too demanding, given the company's strong track record and good longer-term earnings growth outlook. Under normal conditions and with a better earnings mix, we consider P/E ratios of 15-16x an acceptable valuation level for CapMan. Dividend yield is also strong at ~7% and the related risk is moderate. The 2023 result is, in turn, poorly suited for the valuation, as we do not believe it corresponds to the company's normalized profitability level.

DCF model

Our DCF model gives CapMan a value of EUR 13.5 per share (was EUR 3.0). The DCF model is, however, somewhat unsuitable for CapMan because of the exceptionally high sensitivity of the share value to changes in parameters and the significant size of the company's portfolio. Therefore, the result of the DCF model should mainly be considered as a supporting factor.

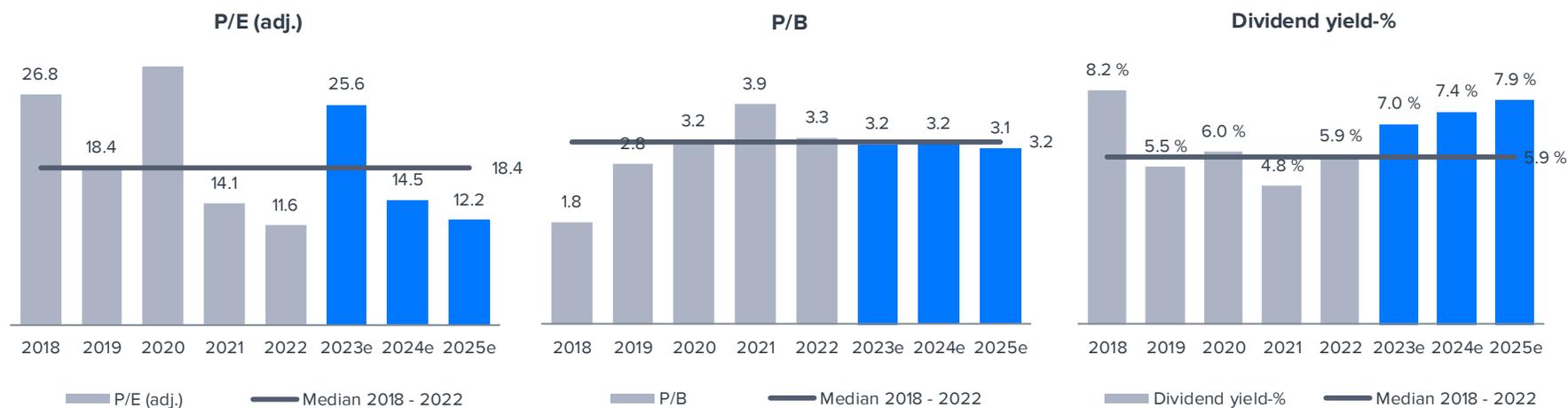
Valuation	2023e	2024e	2025e
Market cap	408	408	408
EV	479	481	479
P/E (oik.)	25.6	14.5	12.2
P/E	25.6	14.5	12.2
P/FCF	48.4	12.5	10.2
P/B	3.2	3.2	3.1
P/S	6.1	5.2	4.9
EV/Sales	7.1	6.1	5.7
EV/EBITDA	20.3	11.2	9.6
EV/EBIT (adj.)	21.6	11.6	9.9
Payout ratio (%)	180%	107%	95%
Dividend yield-%	7.0 %	7.4 %	7.9 %

Source: Inderes

Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Market cap	216	359	361	486	458	408	408	408	408
EV	222	385	395	513	506	479	481	479	480
P/E (adj.)	26.8	18.4	70.3	14.1	11.6	25.6	14.5	12.2	12.8
P/E	26.8	25.7	70.3	14.1	11.6	25.6	14.5	12.2	12.8
P/FCF	5.9	neg.	neg.	8.1	53.0	48.4	12.5	10.2	10.4
P/B	1.8	2.8	3.2	3.9	3.3	3.2	3.2	3.1	3.1
P/S	6.5	7.3	8.4	9.2	6.8	6.1	5.2	4.9	4.7
EV/Sales	6.6	7.9	9.2	9.7	7.5	7.1	6.1	5.7	5.5
EV/EBITDA	16.6	15.4	28.7	11.1	8.8	20.3	11.2	9.6	9.7
EV/EBIT (adj.)	18.6	15.4	32.0	11.5	9.5	21.6	11.6	9.9	10.0
Payout ratio (%)	219.0 %	141.7 %	424.1%	68.5 %	67.8 %	179.6 %	107.3 %	95.0 %	104.8 %
Dividend yield-%	8.2 %	5.5 %	6.0 %	4.8 %	5.9 %	7.0 %	7.4 %	7.9 %	8.3 %

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
Alexandria	67	51	7.0	5.0	5.1	4.0	1.2	1.1	12.8	9.2	6.3	8.2	2.2
Aktia	677	677							8.2	7.8	7.2	8.4	1.0
eQ	701	660	14.6	11.5	14.2	11.3	8.6	7.0	19.5	15.8	5.2	6.6	8.3
Evli	519	474	10.8	8.1	9.6	7.3	4.3	3.7	16.7	12.6	7.9	9.7	3.7
Taaleri	279	225	8.9	6.2	8.7	6.1	3.9	3.3	15.6	10.9	8.0	8.3	1.4
Titanium	165	143	7.7	7.0	7.5	6.8	4.6	4.2	11.2	10.2	8.8	9.4	5.9
United Bankers	152	139	7.9	7.1	7.1	6.4	2.6	2.4	11.5	10.8	7.0	7.8	2.8
CapMan (Inderes)	408	479	21.6	11.6	20.3	11.2	7.1	6.1	25.6	14.5	7.0	7.4	3.2
Average			9.5	7.5	8.7	7.0	4.2	3.6	13.6	11.0	7.2	8.3	3.6
Median			8.4	7.1	8.1	6.6	4.1	3.5	12.8	10.8	7.2	8.3	2.8
Diff-% to median			157%	64%	151%	70%	73%	76%	101%	35%	-3%	-11%	14%

Source: Refinitiv / Inderes

Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	52.8	14.2	17.7	15.9	19.7	67.5	15.1	16.5	15.7	19.8	67.2	78.8	83.8	87.0
Management Company business	43.6	11.7	14.5	12.6	17.1	55.9	12.5	13.7	13.0	16.5	55.7	66.4	70.2	72.1
Service business	8.6	2.5	3.2	3.1	2.4	11.1	2.6	2.7	2.7	2.8	10.8	11.9	13.1	14.4
Investment business	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
Other	0.5	0.0	0.0	0.2	0.3	0.6	0.0	0.1	0.0	0.5	0.6	0.5	0.5	0.5
EBITDA	46.1	19.2	14.5	13.1	10.5	57.3	0.9	4.6	7.9	10.2	23.6	42.8	49.8	49.7
Depreciation	-1.5	-0.4	-0.4	-0.4	-3.0	-4.2	-0.4	-0.4	-0.3	-0.3	-1.4	-1.2	-1.4	-1.6
EBIT (excl. NRI)	44.6	18.9	14.1	12.7	7.5	53.1	0.5	4.2	7.5	9.9	22.2	41.6	48.4	48.1
EBIT	44.6	18.9	14.1	12.7	7.5	53.1	0.5	4.2	7.55	9.9	22.2	41.6	48.4	48.1
Management Company business	13.2	4.4	6.1	4.2	7.6	22.3	3.2	5.0	4.1	6.6	18.8	27.1	28.1	27.2
Service business	4.2	1.4	1.7	1.8	-1.9	3.0	1.5	1.5	1.8	1.6	6.4	7.1	7.9	8.7
Investment business	32.7	14.5	9.6	7.9	3.7	35.7	-2.5	-0.4	3.1	3.4	3.5	13.5	18.9	18.9
Other	-5.4	-1.4	-3.3	-1.3	-1.9	-7.9	-1.6	-1.9	-1.5	-1.6	-6.6	-6.1	-6.4	-6.7
Net financial items	-4.0	-2.6	-1.1	-0.5	-1.3	-5.5	-0.5	-0.3	-1.0	-1.0	-2.8	-5.4	-5.7	-5.8
PTP	40.6	16.3	13.0	12.2	6.1	47.6	0.0	3.8	6.55	8.9	19.3	36.2	42.7	42.2
Taxes	-5.2	-2.9	-1.2	-1.4	-1.1	-6.6	0.7	0.2	-0.9	-1.3	-1.3	-5.6	-6.4	-7.2
Minority interest	-1.0	-0.1	-0.2	-0.5	-0.6	-1.4	-0.5	-0.7	-0.5	-0.5	-2.1	-2.3	-2.6	-2.8
Net earnings	34.3	13.3	11.6	10.2	4.5	39.6	0.3	3.3	5.2	7.1	15.9	28.2	33.7	32.2
EPS (adj.)	0.22	0.08	0.07	0.06	0.03	0.25	0.00	0.02	0.03	0.04	0.10	0.18	0.21	0.20
EPS (rep.)	0.22	0.08	0.07	0.06	0.03	0.25	0.00	0.02	0.03	0.04	0.10	0.18	0.21	0.20

Key figures	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	22.8 %	25.7 %	48.8 %	6.9 %	34.1 %	27.9 %	6.1 %	-6.7 %	-0.9 %	0.5 %	-0.5 %	17.3 %	6.3 %	3.9 %
Adjusted EBIT growth-%	261.8 %	86.1 %	24.2 %	16.2 %		19.0 %	-97.2 %	-70.4 %	-40.4 %	32.8 %	-58.3 %	87.7 %	16.3 %	-0.6 %
EBITDA-%	87.4 %	135.3 %	82.2 %	82.2 %	53.1 %	84.9 %	6.1 %	27.6 %	50.1 %	51.6 %	35.1 %	54.3 %	59.4 %	57.1 %
Adjusted EBIT-%	84.6 %	132.7 %	79.8 %	79.7 %	37.8 %	78.6 %	3.5 %	25.3 %	48.0 %	50.0 %	33.0 %	52.8 %	57.8 %	55.3 %
Net earnings-%	65.0 %	93.7 %	65.8 %	64.2 %	22.6 %	58.7 %	2.0 %	20.2 %	32.8 %	35.8 %	23.7 %	35.8 %	40.2 %	37.1 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	150	183	190	191	191
Goodwill	15.3	7.9	14.9	14.9	14.9
Intangible assets	0.5	0.1	0.1	0.4	0.6
Tangible assets	1.8	3.6	3.8	4.1	4.3
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	130	170	170	170	170
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	1.8	1.8	1.8	1.8	1.8
Current assets	90.5	87.6	91.7	107	113
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	5.8	5.8	5.8	5.8
Receivables	25.3	26.3	32.2	37.8	40.2
Cash and equivalents	65.2	55.6	53.7	63.0	67.0
Balance sheet total	240	270	282	297	304

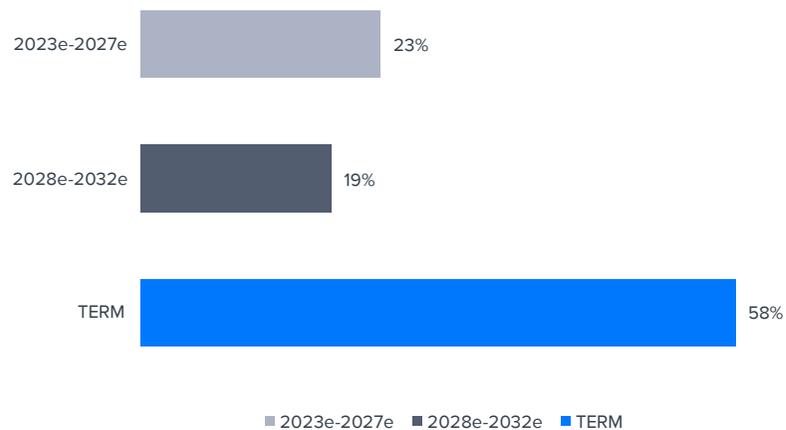
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	127	142	131	131	134
Share capital	0.8	0.8	0.8	0.8	0.8
Retained earnings	33.6	65.5	54.5	54.2	57.6
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	39.0	38.4	38.4	38.4	38.4
Other equity	52.4	35.4	35.4	35.4	35.4
Minorities	1.6	2.1	2.1	2.1	2.1
Non-current liabilities	97.1	108	130	141	143
Deferred tax liabilities	7.5	8.4	8.4	8.4	8.4
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	82.0	91.9	114	126	127
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	7.6	7.3	7.3	7.3	7.3
Current liabilities	18.7	20.8	21.0	25.1	26.6
Short term debt	1.0	1.1	0.4	0.9	0.9
Payables	16.7	18.4	20.2	23.6	25.1
Other current liabilities	1.0	1.2	0.5	0.5	0.5
Balance sheet total	243	271	282	297	304

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	27.9 %	-0.5 %	17.3 %	6.3 %	3.9 %	4.0 %	4.0 %	3.0 %	3.0 %	3.0 %	2.5 %	2.5 %
EBIT-%	78.6 %	33.0 %	52.8 %	57.8 %	55.3 %	45.0 %	45.0 %	45.0 %	45.0 %	45.0 %	45.0 %	45.0 %
EBIT (operating profit)	53.1	22.2	41.6	48.4	48.1	40.7	42.4	43.6	44.9	46.3	47.4	
+ Depreciation	4.2	1.4	1.2	1.4	1.6	1.7	1.8	1.8	1.9	2.0	2.0	
- Paid taxes	-5.6	-1.3	-5.6	-6.4	-7.2	-6.2	-6.8	-7.5	-7.8	-8.2	-8.5	
- Tax, financial expenses	-0.7	-0.2	-0.8	-0.9	-1.0	-1.1	-1.2	-1.2	-1.2	-1.1	-1.0	
+ 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	-4.8	-5.0	-2.1	-0.9	-0.6	-0.6	-0.7	-0.5	-0.5	-0.5	-0.5	
Operating cash flow	46.2	17.1	34.2	41.6	40.9	34.4	35.4	36.2	37.4	38.5	39.5	
+ 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	-37.3	-8.7	-1.7	-1.8	-1.8	-1.9	-1.9	-2.1	-2.1	-2.1	-2.2	
Free operating cash flow	8.6	8.4	32.5	39.8	39.1	32.5	33.5	34.1	35.3	36.4	37.4	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	8.6	8.4	32.5	39.8	39.1	32.5	33.5	34.1	35.3	36.4	37.4	650
Discounted FCFF		8.1	29.0	32.8	29.7	22.8	21.7	20.4	19.4	18.5	17.5	305
Sum of FCFF present value		525	517	488	455	425	402	381	360	341	322	305
Enterprise value DCF		525										
- Interest bearing debt		-93.0										
+ Cash and cash equivalents		55.6										
-Minorities		-10.0										
-Dividend/capital return		-14.2										
Equity value DCF		463										
Equity value DCF per share		2.9										

Cash flow distribution



WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	4.0 %
Equity Beta	1.15
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	9.0 %
Weighted average cost of capital (WACC)	8.4 %

Source: Inderes

Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	43.0	52.8	67.5	67.2	78.8	EPS (reported)	0.03	0.22	0.25	0.10	0.18
EBITDA	13.7	46.1	57.3	23.6	42.8	EPS (adj.)	0.03	0.22	0.25	0.10	0.18
EBIT	12.3	44.6	53.1	22.2	41.6	OCF / share	-0.05	0.31	0.29	0.11	0.21
PTP	9.2	40.6	47.6	19.3	36.2	FCF / share	-0.01	0.38	0.05	0.05	0.20
Net Income	5.1	34.3	39.6	15.9	28.2	Book value / share	0.72	0.80	0.89	0.81	0.81
Extraordinary items	0.0	0.0	0.0	0.0	0.0	Dividend / share	0.14	0.15	0.17	0.18	0.19
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	218.8	240.3	270.5	281.9	297.2	Revenue growth-%	-12%	23%	28%	-1%	17%
Equity capital	113.3	127.4	142.1	131.2	130.8	EBITDA growth-%	-45%	236%	24%	-59%	81%
Goodwill	15.3	15.3	7.9	14.9	14.9	EBIT (adj.) growth-%	-51%	262%	19%	-58%	88%
Net debt	25.5	17.8	37.4	60.5	63.5	EPS (adj.) growth-%	-74%	564%	14%	-60%	77%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	31.9 %	87.4 %	84.9 %	35.1 %	54.3 %
EBITDA	13.7	46.1	57.3	23.6	42.8	EBIT (adj.)-%	28.7 %	84.6 %	78.6 %	33.0 %	52.8 %
Change in working capital	-19.4	3.1	-4.8	-5.0	-2.1	EBIT-%	28.7 %	84.6 %	78.6 %	33.0 %	52.8 %
Operating cash flow	-7.4	48.9	46.2	17.1	34.2	ROE-%	4.3 %	28.8 %	29.8 %	11.8 %	21.9 %
CAPEX	16.5	-14.2	-37.3	-8.7	-1.7	ROI-%	6.4 %	21.9 %	23.8 %	9.2 %	16.5 %
Free cash flow	-1.2	60.1	8.6	8.4	32.5	Equity ratio	51.8 %	53.0 %	52.6 %	46.5 %	44.0 %
Valuation multiples	2020	2021	2022	2023e	2024e	Gearing	22.5 %	14.0 %	26.3 %	46.1 %	48.5 %
EV/S	9.2	9.7	7.5	7.1	6.1						
EV/EBITDA (adj.)	28.7	11.1	8.8	20.3	11.2						
EV/EBIT (adj.)	32.0	11.5	9.5	21.6	11.6						
P/E (adj.)	70.3	14.1	11.6	25.6	14.5						
P/B	3.2	3.9	3.3	3.2	3.2						
Dividend-%	6.0 %	4.8 %	5.9 %	7.0 %	7.4 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
8/9/2019	Buy	2.00 €	1.75 €
9/26/2019	Accumulate	2.00 €	1.87 €
11/1/2019	Reduce	2.10 €	2.06 €
1/31/2020	Buy	2.75 €	2.48 €
3/20/2020	Buy	2.00 €	1.52 €
4/7/2020	Accumulate	1.90 €	1.70 €
4/24/2020	Accumulate	1.90 €	1.76 €
8/7/2020	Accumulate	2.10 €	1.96 €
10/30/2020	Accumulate	2.10 €	1.93 €
2/5/2021	Accumulate	2.80 €	2.63 €
2/22/2021	Accumulate	2.80 €	2.68 €
4/30/2021	Accumulate	3.00 €	2.78 €
8/6/2021	Accumulate	3.30 €	3.04 €
10/28/2021	Accumulate	3.30 €	2.98 €
1/5/2022	Accumulate	3.30 €	3.10 €
2/4/2022	Accumulate	3.30 €	3.00 €
3/21/2022	Accumulate	3.10 €	2.81 €
4/29/2022	Buy	3.10 €	2.62 €
8/5/2022	Accumulate	3.30 €	3.09 €
10/28/2022	Accumulate	3.00 €	2.60 €
11/14/2022	Accumulate	3.00 €	2.58 €
2/3/2022	Accumulate	3.10 €	2.89 €
5/2/2023	Accumulate	2.90 €	2.59 €
8/4/2023	Accumulate	2.70 €	2.57 €



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Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

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