

Revenio Group

Company report

2/16/2024



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✓ Inderes corporate customer

This report is a summary translation of the report “Q4-suoritus oli perinteisempää Reveniota” published on 2/16/2024 at 7:35 am EET.

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Q4 performance was more traditional Revenio

We raise our target price for Revenio to EUR 28.0 (was EUR 25.5) and lower our recommendation to Reduce (was Accumulate). After a strong end to the year, the Q4 result was well above our expectations as the core business continued to show its strength. The guidance for 2024 was broadly in line with our expectations, but we made positive changes to our estimates for the coming years. Revenio is returning to earnings growth and at the same time reclaiming its quality label, but this is also reflected in the valuation (2024e adj. EV/EBIT 24x). While the outlook for earnings growth over the next few years is strong, we think it is good to take a breather after the strong run-up in the share price and let the outlook clear further.

Strong end of the year

Revenio's revenue grew by 3% in Q4 to 29.1 MEUR, exceeding our forecast of a modest decline. The company's main product areas grew at strong double-digit rates, but growth was impacted by the temporary discontinuation of the Maia microperimeter. Against this backdrop, the year-end sales push was very successful, and the renewed Maia will be launched at the end of 2024 to alleviate the situation. With a better-than-expected revenue, EBIT (Q4'23: 9.5 MEUR vs. forecast 8.5 MEUR) also clearly exceeded our forecast, and the operating margin was a commendable 32.6%. The result was again traditional Revenio quality. The weak point of the report is the cash flow from operating activities (5.2 MEUR), which is explained by the increase in trade receivables due to the strong sales at the end of the year. The situation is expected to improve early in the year, and the balance sheet is very strong.

Slight upward pressure on forecasts for the next few years

Revenio's guidance is for currency-adjusted sales to grow 5-10% year-on-year and for profitability excluding one-off items to be at a good level. The guidance was broadly in line with our expectations, as previous forecasts were within the guidance range. As expected, the start of 2024 will still be difficult due to tough comparison figures, but after Q1 revenue will start to rise, supporting profitability. However, profitability will not scale in the traditional way this year, as costs will be driven up in particular by clinical trials for FDA approval of the ILLUME solution. Personnel costs will also be significantly higher than last year, as bonuses increase in line with performance. Total costs are estimated to increase by 3-4 MEUR (partly temporarily), resulting in an adjusted EBIT margin of "only" 29% (2023: 29.5%) for 2024. However, the outlook for profit growth in the coming years has become stronger and more concrete as Revenio has already made significant progress in screening, ILLUME has developed well and HOME2 eligibility is also progressing.

Valuation has returned to a neutral level

In line with our expectations, Revenio's earnings growth story getting back on track during 2024, but many others have made the same observation. With the strong increase in the share price, the valuation of the share has also increased (2024e adj. EV/EBIT 24x), and we consider the current level to be reasonably neutral. Looking further, earnings growth still offers upside potential and the 2025 multiples (adj. EV/EBIT 19x) already show room to expand. However, many significant steps are required before the end of 2025. In our view, valuation level is currently quite neutral on a risk/reward basis until there is more visibility on growth prospects. In our opinion, the hastiest investors can already take at least some of their profits, but long-term investors can easily sit on Revenio.

Recommendation

Reduce

(previous Accumulate)

EUR 28.00

(previous EUR 25.50)

Share price:

27.94



Key figures

	2023	2024e	2025e	2026e
Revenue	97	104	120	140
growth-%	0%	8%	15%	17%
EBIT adj.	28.5	30.4	37.8	44.9
EBIT-% adj.	29.5 %	29.1 %	31.6 %	32.2 %
Net Income	19.1	22.2	28.5	34.4
EPS (adj.)	0.80	0.88	1.12	1.34
P/E (adj.)	31.5	31.8	25.0	20.9
P/B	6.7	6.6	5.7	5.0
Dividend yield-%	1.5 %	1.5 %	2.1 %	2.6 %
EV/EBIT (adj.)	23.4	23.8	18.6	15.2
EV/EBITDA	22.1	21.8	17.1	14.0
EV/S	6.9	6.9	5.9	4.9

Source: Inderes

Guidance

(New guidance)

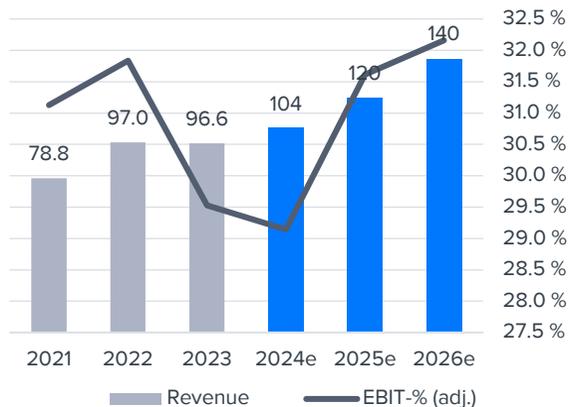
Revenio Group's exchange rate-adjusted revenue is estimated to grow 5-10 percent from the previous year and profitability, excluding non-recurring items, is estimated to remain at a good level.

Share price



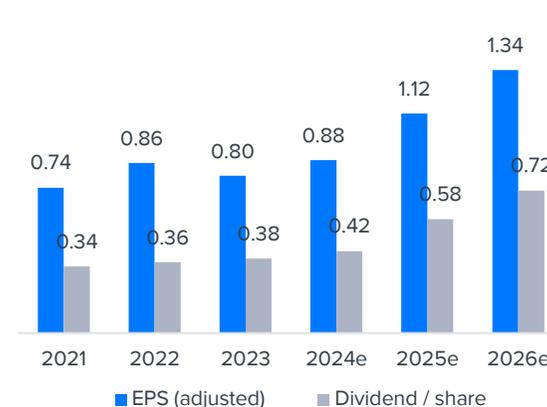
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Long-term growth outlook is strong
- Generally quite good predictability of the result and cash flow
- Strong competitive protection and growth drivers give support
- New products and software systems have attractive long-term growth potential
- Excellent track record of value creation
- Potential acquisitions (OCT)



Risk factors

- Weakening of patent protection for the Icare tonometer after 2023
- Speed and success of the HOME product's ramp-up
- Success in strong growth of imaging devices
- Success of growth investments (new products)
- High valuation level of the share poses a risk for investors

Valuation	2024e	2025e	2026e
Share price	27.9	27.9	27.9
Number of shares, millions	26.6	26.6	26.6
Market cap	743	743	743
EV	724	703	681
P/E (adj.)	31.8	25.0	20.9
P/E	33.5	26.1	21.6
P/B	6.6	5.7	5.0
P/S	7.1	6.2	5.3
EV/Sales	6.9	5.9	4.9
EV/EBITDA	21.8	17.1	14.0
EV/EBIT (adj.)	23.8	18.6	15.2
Payout ratio (%)	50.0 %	54.0 %	56.0 %
Dividend yield-%	1.5 %	2.1 %	2.6 %

Source: Inderes

Strong end of the year

Sales were very good towards the end of the year

Revenio's Q4 revenue increased by 3% to 29.1 MEUR, exceeding both our (27.8 MEUR) and the consensus (27.9 MEUR) forecasts. Exchange rates had no impact on growth, as we had anticipated a slight headwind. With comparable revenue growth of 2.2% for the full year, the company finally reached its growth guidance (comparable growth of 1-5% in 2023) relatively comfortably. The Q4 performance was strong given the very strong comparison period.

According to Revenio, the core business, excluding microperimeters, showed an upward trend towards the end of the year and growth in core products returned to double-digit levels. In particular, sales of imaging devices grew very strongly, with iCare DRSpilus and iCare EIDON continuing their strong traction. Sales of intraocular pressure measurement devices grew by almost double digits in Q4, driven in particular by the updated iCare IC200 with Quick Measure. The core business was again much stronger in the fourth quarter, as the reported revenue figures shows. Full year 2023 revenue was largely flat (2023: 96.6 MEUR vs. 2022 97.0 MEUR). It

is worth noting, however, that when adjusted for microperimeters, revenue increased by around 10% on a like-for-like basis.

Contrary to our expectations, the company achieved profit growth

Revenio's Q4 EBIT improved to 9.5 MEUR, representing a strong EBIT margin of 32.6%. This was also well above our forecast (8.5 MEUR). Gross margin was almost flat year-on-year (Q4'23: 70.4% vs. Q4'22: 70.9%). The forecast beat was driven by higher-than-expected revenue, which effectively trickles down to the bottom lines of the P&L due to high gross margins.

Achieving earnings growth was a strong performance in the current market environment, where we expected a significant deterioration in earnings. Future investments have not been compromised either, with R&D expenditure of 3.6 MEUR in Q4, clearly up from 2.0 MEUR in the comparison period. EPS reached EUR 0.27 against our forecast of EUR 0.24. The result was again traditional Revenio quality.

In contrast, Q4 cash flow from operating activities, at 5.2 MEUR, was weak compared to the profit level, mainly due to the strong increase in trade receivables towards the end of the year. This is expected to be corrected in Q1, as the strong sales in December are repatriated. The company has not had any problems with trade receivables, so there is no drama.

Strong balance sheet provides room to maneuver

Revenio's board proposes to increase the dividend to EUR 0.38 (2023: EUR 0.36) as we forecast. The company's balance sheet is strong (net gearing -4%), so there is ample room for dividends. The strong balance sheet also allows the company to move on the M&A front, which the company said it will continue to actively explore. The problem is the valuations of purchase targets, which have shown little flexibility for unlisted companies. On the other hand, Revenio has not been flexible on its own view either, so no agreement has been reached on prices. In the long term, opportunities are likely to open up for the patient, but the wait is long.

Estimates MEUR / EUR	Q4'22	Q4'23	Q4'23e	Q4'23e	Consensus		Difference (%)	2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	28.3	29.1	27.8	27.9			5%	96.6
EBIT	9.3	9.5	8.5	8.7			11%	26.3
EPS (reported)	0.22	0.27	0.24	0.25			11%	0.83
DPS	0.36	0.38	0.38	-			0%	0.38
Revenue growth-%	18.9 %	3.0 %	-1.7 %	-1.4 %			4.7 pp	-0.5 %
EBIT-%	33.0 %	32.5 %	30.6 %	31.2 %			1.9 pp	27.3 %

Source: Inderes & Modular Finance (1/31/2024, 6 analysts) (consensus)

Slight upward pressure on forecasts for the next few years

The market situation has already seen a slight improvement

Revenio's guidance is for currency-adjusted sales to grow 5-10% year-on-year and for profitability excluding one-off items to be at a good level. The guidance was broadly in line with our expectations, as previous forecasts were within the guidance range.

Revenio continues to expect the market situation and growth prospects to improve in H2'24, supported by its own product launches. However, the worst of the market hole seems to be behind us, and there are already clear signs of market easing, at least compared to the spring of 2023. In Q1, the comparison figures are still tough, and we expect revenue to decline slightly, but after that Revenio will return to growth.

Growth accelerates towards the end of the year

We forecast Revenio's revenue to grow by 8% this year to a total of 104 MEUR. Despite the positive changes, 2024 will still be a partial "gap year" due to a challenging start to the year. In H2, growth will

accelerate thanks to the expected market recovery, weaker comparison periods and new launches. At least a new version of the Maia microperimeter is known, for which the company already expects some sales in Q4'24 (not critical for guidance). The growth outlook is also supported by a larger shipment of iCare DRSplus imaging devices to Germany, which is expected to continue into 2025 if business progresses as expected. The company also announced a significant order to the US but did not disclose the exact size of these orders. However, screening has become a revenue driver for the company, even surprisingly quickly.

Profitability scaling will fall short

In 2024, the normal scaling of profitability is held back by a rise in the cost structure, which includes partly transitory items. Profitability in 2024 will be burdened in particular by clinical trials as the company applies for FDA clearance for the ILLUME (DRSplus / partnered AI) solution. The introduction of the renewed Maia into the market also requires its own research. In addition to these intrinsically transitory future investments, we see clear upward

pressure on personnel costs, with bonuses set to rise significantly from weak levels in 2023. All these will increase costs by an estimated 3-4 MEUR in 2024, through which we expect the adjusted EBIT margin to be "only" 29% (2023: 29.5%) despite normally scaling profitability. In the longer term, the profitability dynamics are still unchanged.

Future growth drivers moving forward

Revenio's new growth drivers are developing promisingly. The ILLUME screening solution now covers not only diabetic retinopathy but also macular degeneration and glaucoma. According to the company, the number of customers for the screening solution has continued to grow strongly. For HOME2, the company said it has applied for a reimbursement code for the device. The company's aim is to achieve reimbursement so that insurers can reimburse patients for all or part of the device as part of a patient's care pathway. If the company is successful in obtaining reimbursement for its device and integrating it into care pathways, we believe HOME2 has the potential to become a significant growth driver for the company.

Estimate revisions MEUR / EUR	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
	Old	New	%	Old	New	%	Old	New	%
Revenue	95.2	96.6	1%	101	104	3%	116	120	3%
EBITDA	29.3	30.2	3%	32.6	33.2	2%	38.7	41.2	7%
EBIT (exc. NRIs)	27.5	28.5	4%	29.8	30.4	2%	35.6	37.8	6%
EBIT	25.4	26.3	4%	28.6	29.2	2%	34.4	36.6	7%
PTP	24.6	25.4	3%	28.8	28.8	0%	35.0	37.0	6%
EPS (excl. NRIs)	0.78	0.80	3%	0.88	0.88	0%	1.06	1.12	6%
DPS	0.38	0.38	0%	0.42	0.42	-1%	0.56	0.58	4%

Source: Inderes

Valuation has returned to a neutral level

Quality company with good long-term growth prospects

It has been easy to paint Revenio's high-quality earnings growth story well into the future, as the core business has maintained a strong growth trajectory while the company's profitability has scaled upwards. Last year, the excellent track record showed a few cracks, but confidence in the long-term story was restored after Q4. We are very confident that what is a weak performance by company standards is temporary.

Revenio is well positioned in an industry with strong structural long-term growth drivers and deep moats (patents, brand, slow-moving industry and high barrier of entry). In the coming years, we believe the company's earnings growth prospects are good as new products slowly start to drive growth. In addition, Revenio will expand its product portfolio through both in-house product development and acquisitions, which are well positioned to create shareholder value.

Valuation has risen significantly

Revenio's share price has now risen by more than 40% since we gave the company a Buy recommendation (10/4/2023). While the company's fundamentals have also been strong since then, the share valuation has also risen strongly.

Revenio's 2024e adjusted EV/EBIT multiples are now around 24x, which we believe is quite neutral in the current market environment. However, this year's earnings growth is still modest by historical standards, and we do not believe that the stock market is particularly interested in looking very far ahead, even for Revenio. In 12 months, however, the valuation is based on 2025 forecasts with an adjusted EV/EBIT of

around 19x. This is very reasonable by the company's standards, but the upside is still limited, and a lot needs to happen before this.

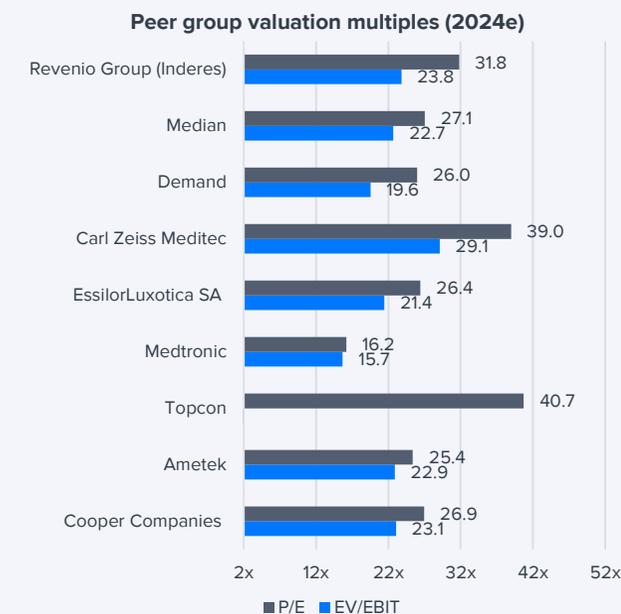
Revenio has returned to a slight premium pricing relative to its peer group. The median 2024e EV/EBIT for the peer group is around 23x, which is only slightly lower than Revenio. Historically, Revenio's premium has been hefty, but in the worst of the downturn, Revenio's valuation fell below even the median of its peer group. In our view, Revenio is one of the best companies in the group along with Zeiss, but Zeiss (2024e EV/EBIT 29x) is currently priced significantly higher than Revenio. We would not draw any major conclusions from this, but we believe that Revenio's valuation is reasonable compared to its peers. On a pure peer group basis, Revenio could still be undervalued.

Those in a hurry can already cash in

After a strong share price rise, we feel Revenio's valuation is at a justified level relative to the short-term outlook. In the longer term, earnings growth still provides a good expected return, but we believe that one should be moderate in the pricing of this for the time being. Before 2025, the company has several significant milestones, based on which we can assess the situation better. In our view, Revenio's valuation level is currently quite neutral on a risk/reward basis until there is more visibility on growth prospects. In our opinion, the hastiest investors can already take at least some of their profits, but long-term investors can easily sit on Revenio.

Valuation	2024e	2025e	2026e
Share price	27.9	27.9	27.9
Number of shares, millions	26.6	26.6	26.6
Market cap	743	743	743
EV	724	703	681
P/E (adj.)	31.8	25.0	20.9
P/E	33.5	26.1	21.6
P/B	6.6	5.7	5.0
P/S	7.1	6.2	5.3
EV/Sales	6.9	5.9	4.9
EV/EBITDA	21.8	17.1	14.0
EV/EBIT (adj.)	23.8	18.6	15.2
Payout ratio (%)	50.0 %	54.0 %	56.0 %
Dividend yield-%	1.5 %	2.1 %	2.6 %

Source: Inderes

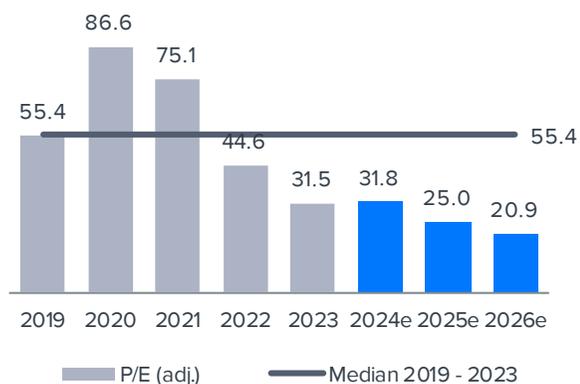


Valuation table

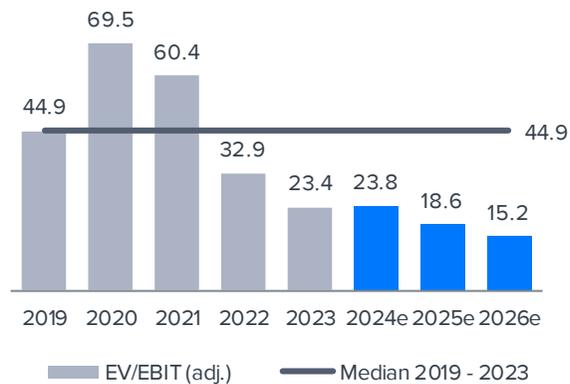
Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	26.3	50.3	55.6	38.6	25.2	27.9	27.9	27.9	27.9
Number of shares, millions	26.0	26.6	26.7	26.6	26.6	26.6	26.6	26.6	26.6
Market cap	697	1337	1482	1026	670	743	743	743	743
EV	700	1335	1482	1015	667	724	703	681	656
P/E (adj.)	55.4	86.6	75.1	44.6	31.5	31.8	25.0	20.9	17.9
P/E	73.0	>100	85.7	47.1	35.1	33.5	26.1	21.6	18.3
P/B	10.8	19.2	18.9	11.3	6.7	6.6	5.7	5.0	4.4
P/S	14.1	21.9	18.8	10.6	6.9	7.1	6.2	5.3	4.7
EV/Sales	14.1	21.9	18.8	10.5	6.9	6.9	5.9	4.9	4.1
EV/EBITDA	47.9	61.5	57.7	30.6	22.1	21.8	17.1	14.0	11.7
EV/EBIT (adj.)	44.9	69.5	60.4	32.9	23.4	23.8	18.6	15.2	12.6
Payout ratio (%)	85.1 %	63.7 %	52.4 %	43.9 %	52.9 %	50.0 %	54.0 %	56.0 %	60.0 %
Dividend yield-%	1.1 %	0.6 %	0.6 %	0.9 %	1.5 %	1.5 %	2.1 %	2.6 %	3.3 %

Source: Inderes

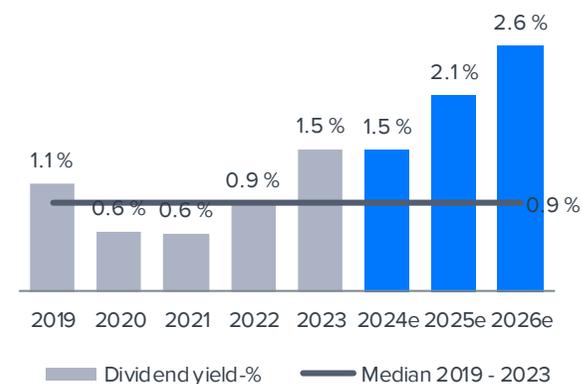
P/E (adj.)



EV/EBIT (oik.)



Dividend yield-%



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%	
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e
Revenio Group	664	663	22.7	18.9	20.0	16.8	6.5	5.7	29.7	24.4	1.7	2.0
Cooper Companies	17264	19548	23.1	20.8	18.6	16.9	5.4	5.1	26.9	24.0	0.0	0.0
Ametek	37333	40042	22.9	21.4	19.0	17.9	5.8	5.5	25.4	23.3	0.6	0.7
Topcon	1153	1493			10.8	8.0	1.1	1.1	40.7	15.2	2.4	2.7
Medtronic	103788	120134	15.7	15.0	14.0	13.2	4.0	3.8	16.2	15.4	3.3	3.4
EssilorLuxotica SA	86555	96588	21.4	19.2	13.8	12.8	3.6	3.4	26.4	23.8	1.9	2.1
Carl Zeiss Meditec	9941	10172	29.1	22.6	23.4	18.8	4.6	4.1	39.0	31.5	1.0	1.1
Demand	10747	12537	19.6	18.1	15.4	14.2	4.0	3.7	26.0	22.4		
Optomed (Inderes)	62	64				45.5	3.5	2.5				
Revenio Group (Inderes)	743	724	23.8	18.6	21.8	17.1	6.9	5.9	31.8	25.0	1.5	2.1
Average			26.3	21.8	19.0	19.0	4.5	4.1	33.8	25.7	1.4	1.5
Median			22.7	20.6	18.8	16.9	4.5	4.1	27.1	23.9	1.0	1.1
Diff-% to median			5%	-10%	16%	1%	54%	43%	17%	5%	52%	90%

Source: Refinitiv / Inderes

Income statement

Income statement	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	78.8	97.0	23.2	22.3	22.0	29.1	96.6	22.7	23.9	25.3	32.5	104	120	140	159
Tonometers (estimate)	49.2	58.6	14.7	14.3	11.5	16.4	56.8	14.3	15.0	13.2	17.5	59.9	66.5	75.8	84.9
Imaging devices (estimate)	28.3	36.2	7.8	7.4	9.8	12.0	37.0	7.6	8.1	11.2	14.0	40.8	48.2	56.4	65.4
Oculo / Software (estimate)	0.9	2.2	0.6	0.7	0.7	0.8	2.8	0.8	0.8	0.9	1.0	3.5	5.0	7.5	9.0
Other products (estimate)	0.4	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	25.7	33.1	7.1	5.6	7.1	10.5	30.2	6.3	6.7	8.3	11.8	33.2	41.2	48.5	56.0
Depreciation	-3.6	-3.4	-0.9	-1.0	-1.0	-1.0	-3.9	-1.0	-1.0	-1.0	-1.0	-4.0	-4.6	-4.7	-5.0
EBIT (excl. NRI)	24.5	30.9	6.5	5.8	6.5	9.8	28.5	5.6	6.0	7.6	11.1	30.4	37.8	44.9	52.1
EBIT	22.1	29.7	6.2	4.7	6.0	9.5	26.3	5.3	5.7	7.3	10.8	29.2	36.6	43.8	51.1
Net financial items	0.0	-0.6	-0.4	-0.2	-0.1	-0.3	-1.0	-0.1	-0.1	-0.1	-0.1	-0.4	0.4	0.9	1.6
PTP	22.1	29.1	5.8	4.5	5.9	9.2	25.4	5.2	5.6	7.2	10.7	28.8	37.0	44.7	52.6
Taxes	-4.8	-7.3	-1.5	-1.2	-1.5	-2.1	-6.3	-1.2	-1.3	-1.7	-2.5	-6.6	-8.5	-10.3	-12.1
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
Net earnings	17.3	21.8	4.2	3.3	4.4	7.1	19.1	4.0	4.3	5.6	8.2	22.2	28.5	34.4	40.5
EPS (adj.)	0.74	0.86	0.17	0.17	0.18	0.28	0.80	0.16	0.17	0.22	0.32	0.88	1.12	1.34	1.56
EPS (rep.)	0.65	0.82	0.16	0.12	0.17	0.27	0.72	0.15	0.16	0.21	0.31	0.83	1.07	1.29	1.52
Key figures	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	29.1 %	23.1 %	14.9 %	-8.7 %	-8.9 %	3.0 %	-0.5 %	-2.4 %	7.1 %	15.0 %	11.6 %	8.0 %	14.8 %	16.7 %	14.0 %
Adjusted EBIT growth-%		25.9 %	10.6 %	-22.1 %	-18.6 %	1.4 %	-7.7 %	-13.4 %	4.6 %	18.0 %	13.5 %	6.6 %	24.5 %	18.7 %	16.0 %
EBITDA-%	32.6 %	34.1 %	30.5 %	25.3 %	32.1 %	36.0 %	31.3 %	27.9 %	28.3 %	33.0 %	36.3 %	31.8 %	34.4 %	34.7 %	35.2 %
Adjusted EBIT-%	31.1 %	31.8 %	27.9 %	26.0 %	29.5 %	33.6 %	29.5 %	24.8 %	25.4 %	30.2 %	34.1 %	29.1 %	31.6 %	32.2 %	32.7 %
Net earnings-%	22.0 %	22.5 %	18.3 %	14.8 %	20.1 %	24.5 %	19.8 %	17.7 %	18.2 %	22.1 %	25.3 %	21.3 %	23.8 %	24.6 %	25.4 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	70.8	77.5	78.4	78.7	79.7
Goodwill	59.8	59.4	59.4	59.4	59.4
Intangible assets	4.3	7.1	7.5	7.3	7.0
Tangible assets	2.8	2.3	2.8	3.4	4.6
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.4	2.3	2.3	2.3	2.3
Other non-current assets	1.9	3.6	3.6	3.6	3.6
Deferred tax assets	1.6	2.8	2.8	2.8	2.8
Current assets	52.5	48.3	61.7	83.7	108
Inventories	6.7	10.5	9.4	9.6	9.8
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	13.7	16.3	15.6	16.8	18.2
Cash and equivalents	32.1	21.5	36.7	57.4	79.8
Balance sheet total	136	137	151	172	195

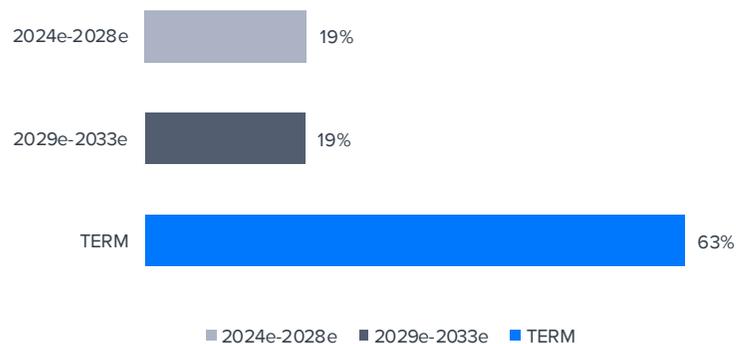
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	90.9	99.9	112	129	148
Share capital	5.3	5.3	5.3	5.3	5.3
Retained earnings	34.3	43.5	55.6	73.0	92.0
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	51.3	51.1	51.1	51.1	51.1
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	20.1	16.9	18.9	18.9	18.9
Deferred tax liabilities	3.7	3.3	3.3	3.3	3.3
Provisions	0.5	0.6	0.6	0.6	0.6
Interest bearing debt	15.8	13.0	15.0	15.0	15.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	25.2	20.6	19.7	23.3	28.1
Interest bearing debt	5.0	5.6	3.0	3.0	3.0
Payables	20.2	15.0	16.7	20.3	25.1
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	136	137	151	172	195

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-0.5 %	8.0 %	14.8 %	16.7 %	14.0 %	14.0 %	11.0 %	9.0 %	7.0 %	5.0 %	3.0 %	3.0 %
EBIT-%	27.3 %	28.0 %	30.6 %	31.3 %	32.0 %	31.0 %	31.0 %	30.0 %	29.5 %	29.0 %	29.0 %	29.0 %
EBIT (operating profit)	26.3	29.2	36.6	43.8	51.1	56.3	62.5	65.9	69.4	71.6	73.7	
+ Depreciation	3.9	4.0	4.6	4.7	5.0	4.9	5.4	5.8	5.7	5.8	5.9	
- Paid taxes	-7.9	-6.6	-8.5	-10.3	-12.1	-13.4	-15.0	-15.8	-16.7	-17.2	-17.8	
- Tax, financial expenses	-0.4	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	
+ Tax, financial income	0.1	0.2	0.3	0.4	0.5	0.7	0.8	0.8	0.9	0.9	1.0	
- Change in working capital	-11.6	3.5	2.4	3.2	2.8	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	10.5	29.9	35.1	41.6	47.1	48.3	53.5	56.5	59.1	60.9	62.6	
+ Change in other long-term liabilities	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-8.2	-3.7	-3.7	-4.5	-4.0	-5.6	-6.0	-5.1	-5.7	-5.6	-5.9	
Free operating cash flow	2.3	26.2	31.4	37.1	43.1	42.6	47.5	51.4	53.4	55.4	56.8	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	2.3	26.2	31.4	37.1	43.1	42.6	47.5	51.4	53.4	55.4	56.8	1048
Discounted FCFF		24.4	26.9	29.3	31.3	28.5	29.3	29.2	28.0	26.7	25.2	465
Sum of FCFF present value		744	719	692	663	632	603	574	545	517	490	465
Enterprise value DCF		744										
- Interest bearing debt		-18.6										
+ Cash and cash equivalents		21.5										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		747										
Equity value DCF per share		28.1										

Cash flow distribution



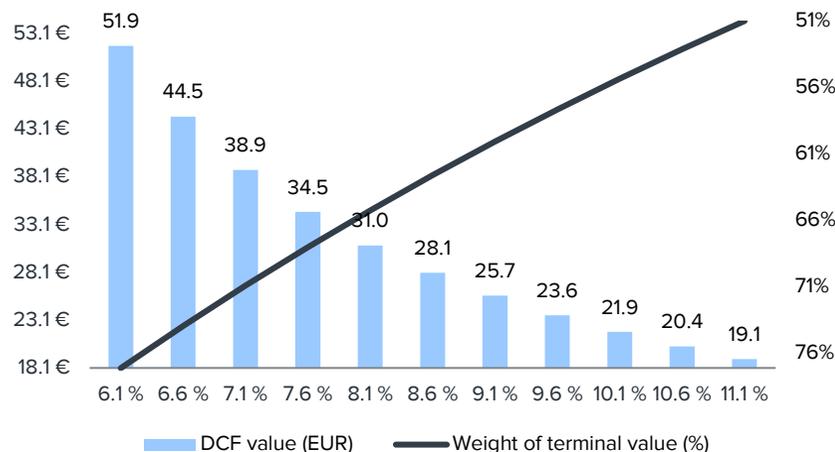
WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	4.0 %
Equity Beta	1.28
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.6 %
Weighted average cost of capital (WACC)	8.6 %

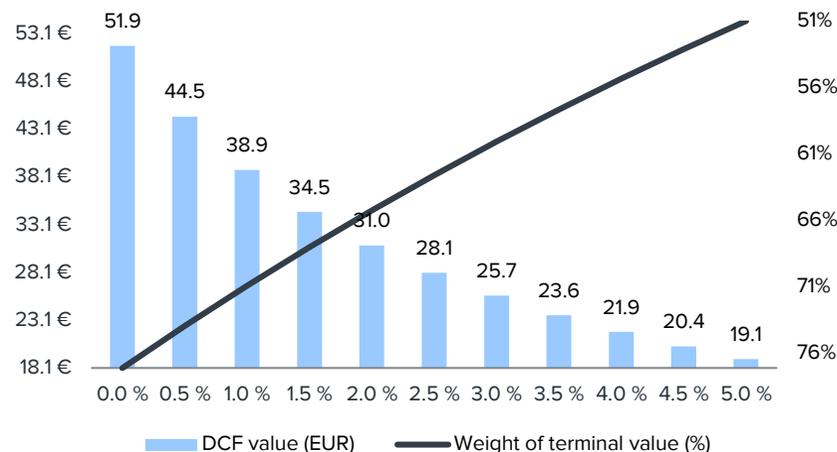
Source: Inderes

DCF sensitivity calculations and key assumptions in graphs

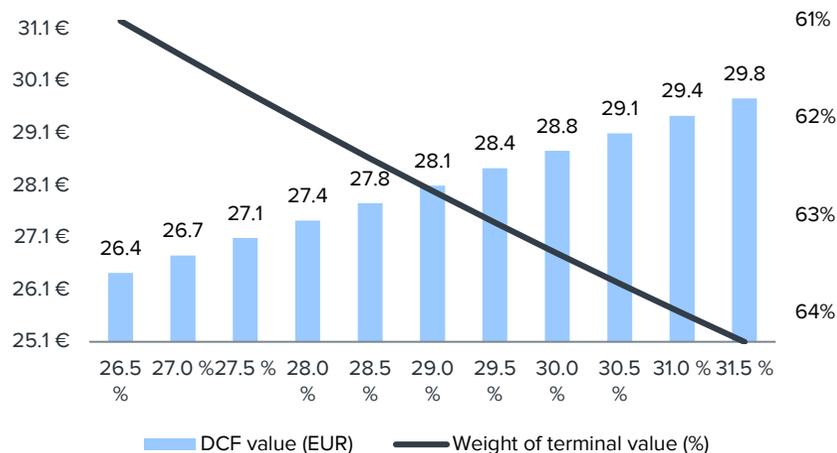
Sensitivity of DCF to changes in the WACC-%



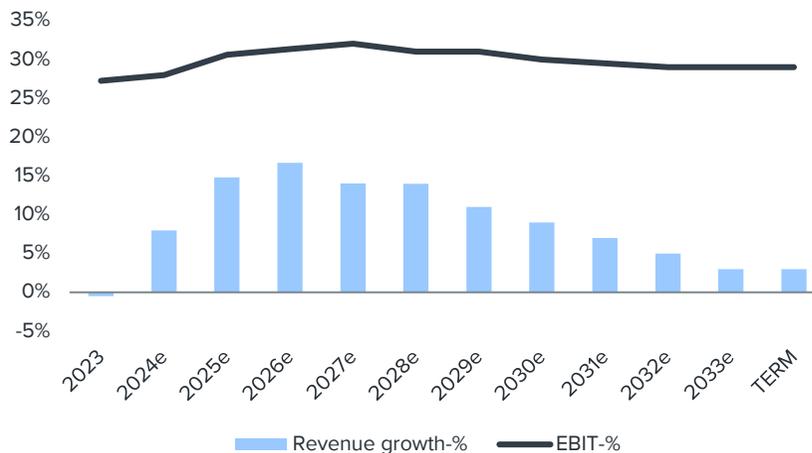
Sensitivity of DCF to changes in the risk-free rate



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	78.8	97.0	96.6	104.3	119.7	EPS (reported)	0.65	0.82	0.72	0.83	1.07
EBITDA	25.7	33.1	30.2	33.2	41.2	EPS (adj.)	0.74	0.86	0.80	0.88	1.12
EBIT	22.1	29.7	26.3	29.2	36.6	OCF / share	0.85	0.90	0.39	1.13	1.32
PTP	22.1	29.1	25.4	28.8	37.0	FCF / share	0.25	0.79	0.09	0.99	1.18
Net Income	17.3	21.8	19.1	22.2	28.5	Book value / share	2.94	3.42	3.76	4.21	4.87
Extraordinary items	-2.4	-1.2	-2.2	-1.2	-1.2	Dividend / share	0.34	0.36	0.38	0.42	0.58
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	124.6	136.1	137.4	150.5	171.6	Revenue growth-%	29%	23%	0%	8%	15%
Equity capital	78.4	90.9	99.9	112.0	129.4	EBITDA growth-%	18%	29%	-9%	10%	24%
Goodwill	59.8	59.8	59.4	59.4	59.4	EBIT (adj.) growth-%	28%	26%	-8%	7%	25%
Net debt	0.0	-11.3	-2.9	-18.7	-39.4	EPS (adj.) growth-%	27%	17%	-7%	10%	27%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	32.6 %	34.1 %	31.3 %	31.8 %	34.4 %
EBITDA	25.7	33.1	30.2	33.2	41.2	EBIT (adj.)-%	31.1 %	31.8 %	29.5 %	29.1 %	31.6 %
Change in working capital	2.4	-1.5	-11.6	3.5	2.4	EBIT-%	28.0 %	30.6 %	27.3 %	28.0 %	30.6 %
Operating cash flow	22.7	24.0	10.5	29.9	35.1	ROE-%	23.4 %	25.7 %	20.0 %	20.9 %	23.6 %
CAPEX	-15.8	-2.9	-8.2	-3.7	-3.7	ROI-%	22.1 %	27.6 %	23.3 %	24.1 %	27.3 %
Free cash flow	6.7	21.1	2.3	26.2	31.4	Equity ratio	63.0 %	66.8 %	72.7 %	74.4 %	75.4 %
						Gearing	0.0 %	-12.5 %	-2.9 %	-16.7 %	-30.4 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	18.8	10.5	6.9	6.9	5.9						
EV/EBITDA (adj.)	57.7	30.6	22.1	21.8	17.1						
EV/EBIT (adj.)	60.4	32.9	23.4	23.8	18.6						
P/E (adj.)	75.1	44.6	31.5	31.8	25.0						
P/B	18.9	11.3	6.7	6.6	5.7						
Dividend-%	0.6 %	0.9 %	1.5 %	1.5 %	2.1 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2/21/2020	Accumulate	31.00 €	28.85 €
3/19/2020	Buy	24.00 €	18.48 €
4/23/2020	Accumulate	25.00 €	22.75 €
8/7/2020	Reduce	34.00 €	33.50 €
10/23/2020	Reduce	36.00 €	38.05 €
12/21/2020	Reduce	44.00 €	48.65 €
2/12/2021	Accumulate	60.00 €	53.00 €
4/26/2021	Accumulate	65.00 €	59.20 €
<i>Analyst changed</i>			
6/9/2021	Accumulate	65.00 €	59.50 €
8/6/2021	Reduce	65.00 €	64.80 €
10/22/2021	Accumulate	58.00 €	55.40 €
2/11/2022	Accumulate	48.00 €	44.30 €
4/7/2022	Reduce	48.00 €	47.96 €
4/29/2022	Reduce	48.00 €	47.58 €
8/5/2022	Reduce	52.00 €	54.30 €
10/28/2022	Reduce	40.00 €	39.48 €
1/27/2023	Reduce	40.00 €	37.62 €
2/10/2023	Reduce	38.00 €	37.26 €
1/27/2023	Reduce	40.00 €	37.62 €
2/10/2023	Reduce	38.00 €	37.26 €
3/20/2023	Accumulate	38.00 €	34.66 €
4/28/2023	Reduce	38.00 €	39.24 €
8/3/2023	Accumulate	26.00 €	24.08 €
8/11/2023	Accumulate	26.00 €	23.20 €
10/4/2023	Buy	26.00 €	19.81 €
10/27/2023	Buy	24.50 €	19.90 €
12/7/2023	Accumulate	25.50 €	23.66 €
2/16/2024	Reduce	28.00 €	27.94 €



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