SITOWISE

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COMPANY REPORT

We wait for clearer signals of a turnaround

Sitowise's Q1 results were mixed, with revenue in line with expectations but underlying profitability slightly below. In our view, the still weak profitability reflects the criticality of revenue growth, which is also a necessity for strengthening cash flow and thus the financial position. Relative to the low near-term earnings level, the valuation of the stock is elevated, which together with the financial position constitutes a weak risk/reward ratio in our view. Therefore, we reiterate our Reduce recommendation and revise our target price to EUR 2.40 (previously EUR 2.50), mainly due to lower estimates.

Operational performance in Q1 broadly in line

Sitowise's revenue decreased by 6.6% to 48.1 MEUR in Q1, which was well in line with our expectations. The declining revenue was mainly driven by continued weakness in the Swedish market (-28% y/y) and soft conditions in the Buildings segment (-12%). Infra performed solidly (+3.9%) and Digital Solutions exceeded expectations (+6.7%).

Adjusted EBITA declined to 2.4 MEUR (Q1'24: 3.4 MEUR), with the margin falling to 5.1% (Q1'24: 6.6%) due to lower volumes and price pressure. However, when adjusting for the negative calendar effect, underlying profitability was broadly in line with the prior year and improved in the Finnish operations as a result of previously implemented efficiency measures. In contrast, the Swedish business remained unprofitable. Order intake increased across all segments (+8.2% y/y), and the order book rose 4% quarter-to-quarter to 157 MEUR, pointing to signs of a recovery.

Estimates slightly revised, market recovery still awaits

Although Sitowise refrained from issuing guidance due to ongoing uncertainty in the construction market, we believe that the management's tone in the Q1 report was slightly more confident than in Q4. The company noted that the Finnish construction market may have bottomed out and showed signs of moderate recovery, though the company maintained the view that the broader recovery will be slow and materialize gradually in the second half of 2025. Visibility in Sweden remains low, and a meaningful recovery is expected only in late 2025 or even 2026.

While we believe management's commentary indicates slightly improved visibility into a gradual market recovery, particularly in Finland, this aligns with our existing expectations. Therefore, we have made only minor refinements to our operating forecasts following the report. We expect revenue to decline by 1% in 2024, with organic growth resuming in H2'25 as the order book strengthens and utilization rates improve. Profitability in 2025 will remain under pressure from a weak market, tight pricing, and low utilization. However, restructuring efforts are expected to start contributing from Q2 onwards. We expect operational leverage to support margin improvement from 2025, with growth accelerating further in 2026 (forecast: +9% revenue growth), supported by improving construction and investment activity, easing price competition, and higher efficiency. In our view, a return to high-single-digit EBITA margins will require sustained revenue growth, especially in Sweden, where profitability remains the key challenge.

We wait for a better risk/reward

With our 2025-2026 estimates, EV/EBITDA ratios are 9x and 6x, which are reasonable. However, high net financial expenses significantly erode earnings (and cash flow), resulting in P/E ratios of 33x and 13x for the respective years. Thus, the earnings-based valuation is high as a whole. Relative valuation and DCF paint a similar picture. Together with the high leverage caused by the weakened profitability (2025e net debt/EBITDA 4.0x), we believe the risk/reward ratio is weak, even though the company's earnings potential is, in our view, higher than the short-term development.

Recommendation
Reduce
(prev. Reduce)

Target price:
2.40 EUR
(prev. 2.50 EUR)

Share price:
2.37 EUR

Business risk

●●●○○

Valuation risk

●●○○○

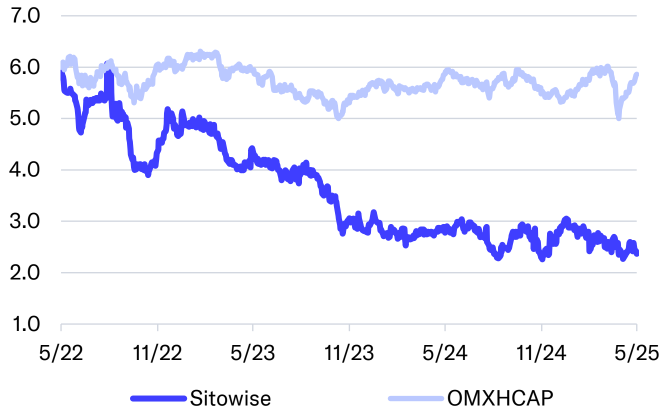
	2024	2025e	2026e	2027e
Revenue	192.9	190.5	207.4	221.3
growth-%	-9%	-1%	9%	7%
EBITA oik.	9.6	12.5	17.2	20.0
EBITA-% oik.	5.0 %	6.6 %	8.3 %	9.0 %
Net Income	-2.6	0.6	6.6	9.6
EPS (adj.)	-0.01	0.07	0.18	0.27
P/E (adj.)	neg.	33.0	12.9	8.9
P/B	0.9	0.7	0.7	0.7
Dividend yield-%	0.0 %	2.1 %	5.9 %	8.0 %
EV/EBIT (adj.)	40.6	17.8	10.8	8.4
EV/EBITDA	11.9	8.6	6.3	5.5
EV/S	1.0	0.8	0.8	0.7

Source: Inderes

Guidance (New guidance)

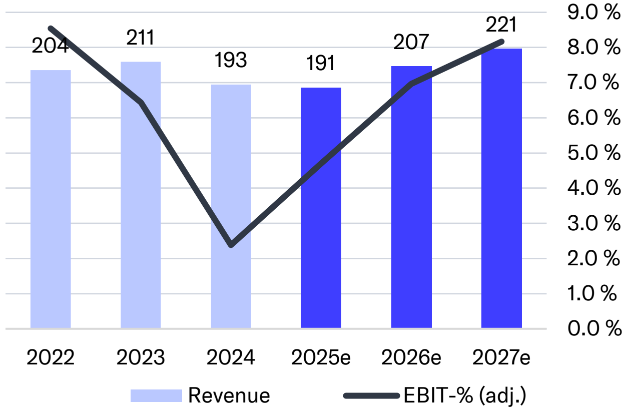
No guidance due to market uncertainty

Share price



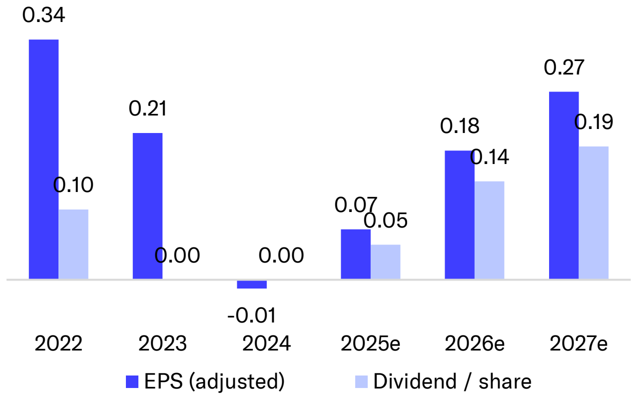
Source: Millistream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and DPS



Source: Inderes

Value drivers

- Above-market growth in a recovering market
- Return to strong profitability
- Strong cash flow and low investment need
- Efficient and diversified business model as well as digitalization expertise create competitive advantage
- Increasing share of consulting and design in the construction value chain driven by megatrends
- Opportunities created by sustainable development regulation

Risk factors

- Cyclicality of the underlying construction market
- Maintaining a good profitability level sustainably
- A clear and prolonged market downturn after good years
- Challenges created by Nordic expansion and a new market
- Failure in acquisitions
- Leverage and growth financing

Valuation	2025e	2026e	2027e
Share price	2.37	2.37	2.37
Number of shares, millions	35.8	35.8	35.8
Market cap	85	85	85
EV	160	157	152
P/E (adj.)	33.0	12.9	8.9
P/B	0.7	0.7	0.7
EV/Sales	0.8	0.8	0.7
EV/EBITDA	8.6	6.3	5.5
EV/EBIT (adj.)	17.8	10.8	8.4
Payout ratio (%)	303.2 %	76.1 %	71.0 %
Dividend yield-%	2.1 %	5.9 %	8.0 %

Source: Inderes

Continued challenging market environment

Revenue development in line with expectations

Sitowise's revenue declined by 6.6% year-on-year (organically -6.3%) to 48.1 MEUR, in line with our expectations. The Swedish business continued to show weak performance, with revenue falling by 28% year-on-year to 7.0 MEUR, primarily due to the persistently sluggish construction market, as anticipated. Similar market conditions also affected the Buildings business, leading to overcapacity and intense price competition. Consequently, Q1 revenue in this segment declined by 12% to 14.2 MEUR, also in line with our estimates. The Infra business performed better, with revenue growing by 3.9% to 17.6 MEUR, supported by demand for green transition projects, in line with our expectations. Digital Solutions exceeded expectations, with revenue rising by 6.7% to 9.3 MEUR, driven by strong growth in the product business.

On a positive note, order intake reversed the previous negative trend and increased across all business areas. At the group level, order intake rose by 8.2% year-on-year, suggesting early signs of a gradual recovery. Although the order book declined by approximately 3% year-on-year, it increased by about 4% from the previous quarter, reaching 157 MEUR.

Decent underlying profitability despite lower revenue

Adjusted EBITA declined to 2.4 MEUR in Q1 (Q1'24: 3.4 MEUR), falling below our estimate of 3.1 MEUR. The adjusted EBITA margin dropped to 5.1% (vs. 6.6% in the previous year), due to lower revenue, tight pricing, and reduced utilization rates. Nevertheless, when adjusting for the negative calendar effect, underlying profitability was broadly in line with the prior year and improved in the Finnish operations as a result of previously implemented efficiency measures. In contrast, the Swedish business remained unprofitable. In our view, a recovery in Sweden will require primarily an increase in revenue. Reported earnings also fell short of expectations due to higher one-off restructuring costs.

Weak cash flow reflecting operational challenges

Cash flow from operating activities before financial items and taxes was 0.5 MEUR in Q1, reflecting weak operating performance and increased working capital requirements. Net cash flow from operating activities was negative at -1.4 MEUR, reflecting the high interest expenses in relation to the operating result. On a trailing twelve months basis, which better takes the seasonal variations into account, the net cash flow from operating activities amounted 10.7 MEUR (17.2 MEUR).

At the end of the reporting period, Sitowise's net debt stood at 56.6 MEUR, broadly unchanged from the previous year. However, due to a decline in the rolling 12-month EBITDA, the net debt/EBITDA ratio rose to 6.0x (from 3.8x). We consider this level of leverage to be high, underlining the importance of improving profitability and ability to reduce the amount of net debt going forward.

Estimates	Q1'24	Q1'25	Q1'25e	Q1'25e	Consensus		Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	51.5	48.1	48.1				0%	190.5
EBITA (adj.)	3.4	2.4	3.1				-20%	12.5
EBITA	3.1	0.8	2.9				-73%	10.5
EBIT	2.0	-0.3	2.0				-114%	7.0
PTP	0.7	-1.8	0.6				-426%	0.7
EPS (reported)	0.02	-0.04	0.01				-425%	0.02
Revenue growth-%	-8.0 %	-6.6 %	-6.6 %				0 pp	-1.2 %
EBITA-% (adj.)	6.6 %	5.1 %	6.4 %				-1.3 pp	6.6 %

Source: Inderes

Growth is key to better profitability

Early signs of a gradual recovery

In conjunction with its FY24 report, Sitowise chose not to issue guidance for 2025, citing continued uncertainty around the timing of a recovery in the construction market, which makes it difficult to reliably forecast future revenue. As expected, no guidance was provided in the Q1 report either, indicating that market visibility has not meaningfully improved. However, management commentary suggests a slightly more optimistic tone compared to the Q4 report. The company noted signs of a moderate recovery in the Finnish construction market and stated that the market may have bottomed out, an indication of growing confidence, albeit cautiously so. That said, while the tone is marginally more positive, Sitowise continues to expect the recovery in the construction market to be slow and to materialize gradually during the second half of 2025. Furthermore, a recovery in new residential construction is now expected to begin in 2026, and the outlook for the Swedish construction market remains subdued, with a recovery anticipated in late 2025 or potentially not until 2026.

Only minor changes to estimates in absolute terms

While we believe management's commentary indicates slightly improved visibility into a gradual market recovery, particularly in Finland, this aligns with our existing expectations. Therefore, we have made only minor refinements to our operating forecasts following the report. We expect Sitowise' revenue to decline by 1% this year but to return to organic growth in H2'25, driven by a gradually improving market, a stronger order book and better utilization rates. In 2026, we forecast growth to accelerate to 9% as construction and investment activity picks up and price competition eases.

In our forecasts for the current year, we expect that the declining revenue, tight pricing environment and low utilization rate will have a negative impact on profitability. On the other hand, the savings from restructuring efforts made are expected to show in profitability from Q2 onwards, but significant improvement in profitability will require sales growth, in our view. In 2026, operational earnings growth will mainly be driven by a market recovery and stronger revenue growth, supporting the rise in utilization rates.

Estimate revisions MEUR / EUR	2025e Old	2025e New	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
Revenue	191	191	0%	208	207	0%	221	221	0%
EBITDA	20.3	18.5	-9%	25.0	24.8	-1%	27.7	27.7	0%
EBITA (adj.)	12.9	12.5	-3%	17.4	17.2	-1%	20.3	20.0	-1%
EBITA	12.4	10.5	-15%	17.4	17.2	-1%	20.3	20.0	-1%
PTP	2.9	0.7	-76%	8.9	8.5	-5%	12.8	12.3	-4%
EPS (excl. NRIs)	0.08	0.07	-8%	0.20	0.18	-6%	0.28	0.27	-5%
DPS	0.10	0.05	-50%	0.14	0.14	0%	0.19	0.19	0%

Valuation and forecast risks are high

Forecast risk remains high and leverage should be taken into consideration

2024, and the start of 2025, has been a challenging period, with earnings falling significantly short of their potential reflecting the weak market conditions and at least partly non-recurring costs. Thus, the earnings level in the recent year should not be the new normal. However, in the current operating environment, estimate risks are elevated by the fact that the turnaround in the construction and investment activity is difficult to predict, and a further prolongation of the current difficult market situation cannot be ruled out, as there have been no clear signs of improvement.

It should also be noted that the company currently carries high leverage, due to a combination of weak operating performance and continuous acquisitions in 2023-2024. In our view, the combination of subdued earnings development and increased leverage also raises the stock's risk level, which, together with the uncertainty related to the development of the operating environment justifies applying a higher required return. According to our estimates, leverage (net debt/EBITDA 2025e 4.0x) is still tolerable, but we point out that if the earnings level (and cash flow) falls short of our forecasts, the indicator rises rapidly.

Earnings-based valuation multiples are high

Sitowise revenue-based EV/S ratio is around 0.8x for 2025 and 2026. In our view, this is a moderate level given the profitability potential of this type of service business. However, we feel that relying on a purely revenue-based valuation would require confidence in a market turnaround already in the short term. Furthermore, relative to recent profitability levels, we do not consider this level to be unjustified, and we believe that a higher valuation on a revenue basis would require an increase in profitability from current levels. The above thinking is well reflected in the earnings-based valuation of the stock, as our updated forecasts put Sitowise's P/E multiples for 2025-2026 at 33x and 13x, respectively. The EV/EBIT ratios for these years are 18x and 11x. Thus, the current year's earnings-based valuation is quite high and, on a net-profit basis, reflects the fact that relatively high net financial expenses eat up a large part of the operating result.

With the earnings improvement we expect, we believe that valuation multiples will come down to neutral levels next year. Against this backdrop, we believe that higher share values will require stronger earnings growth than we forecast, which in turn will, in our view, require a stronger-than-expected market pick-up.

Relative valuation

In relative terms, based on 2025-2026 EV/EBITDA ratios, Sitowise is valued at a 24-40% discount to its peers, while based on the P/E ratio, the company's valuation rises to a (2025-2026 average 14%) premium. Thus, the relative valuation reflects the same earnings-related challenge and the gap between the operating profit and net profit. However, as a whole, the earning-based relative valuation does not support an upside for the stock. The challenges related to the earnings level are also reflected in Sitowise's revenue-based valuation, as the share is valued at a 30-35% discount with the EV/S multiple, and the median level for peers is 1.2x EV/S. This is roughly the level at which, considering the industry's profitability potential, it is justified to price an average player over time. Thus, we feel this reflects the stock's potential if the company manages to prove that its profitability potential is higher than recent development and simultaneously, with rising earnings development, manages to lower the risk level related to its financial position.

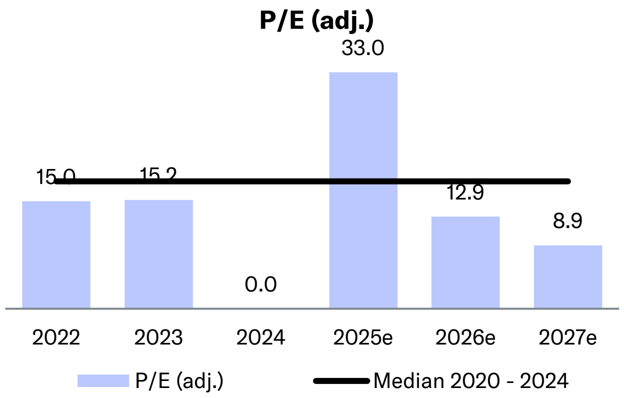
Valuation	2025e	2026e	2027e
Share price	2.37	2.37	2.37
Number of shares, millions	35.8	35.8	35.8
Market cap	85	85	85
EV	160	157	152
P/E (adj.)	33.0	12.9	8.9
P/B	0.7	0.7	0.7
EV/Sales	0.8	0.8	0.7
EV/EBITDA	8.6	6.3	5.5
EV/EBIT (adj.)	17.8	10.8	8.4
Payout ratio (%)	303.2 %	76.1 %	71.0 %
Dividend yield-%	2.1 %	5.9 %	8.0 %

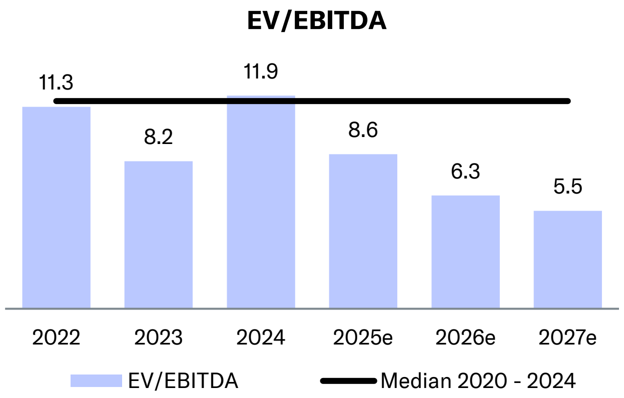
Source: Inderes

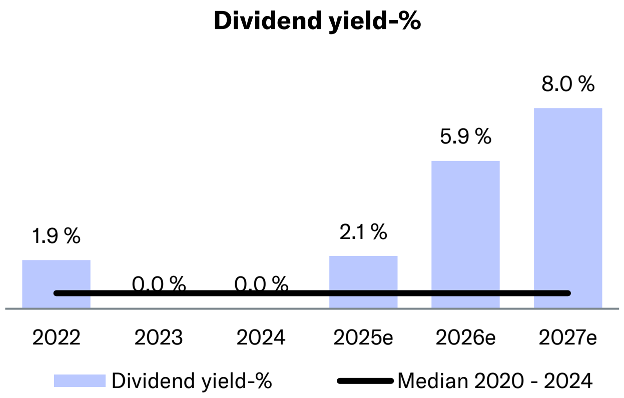
Valuation table

Valuation	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	8.05	5.14	3.18	3.05	**2.37**	**2.37**	**2.37**	**2.37**
Number of shares, millions	35.4	35.5	35.6	35.8	**35.8**	**35.8**	**35.8**	**35.8**
Market cap	285	182	113	109	**85**	**85**	**85**	**85**
EV	345	268	197	186	**160**	**157**	**152**	**148**
P/E (adj.)	27.4	15.0	15.2	neg.	**33.0**	**12.9**	**8.9**	**7.7**
P/B	2.5	1.6	0.9	0.9	**0.7**	**0.7**	**0.7**	**0.7**
EV/Sales	1.9	1.3	0.9	1.0	**0.8**	**0.8**	**0.7**	**0.6**
EV/EBITDA	13.3	11.3	8.2	11.9	**8.6**	**6.3**	**5.5**	**5.1**
EV/EBIT (adj.)	18.2	15.4	14.5	40.6	**17.8**	**10.8**	**8.4**	**7.5**
Payout ratio (%)	45.2 %	45.2 %	0.0 %	0.0 %	**303.2 %**	**76.1 %**	**71.0 %**	**45.0 %**
Dividend yield-%	1.2 %	1.9 %	0.0 %	0.0 %	**2.1 %**	**5.9 %**	**8.0 %**	**5.8 %**

Source: Inderes







The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	**MEUR**	**MEUR**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**
Sweco AB	5705	6167	26.3	22.4	19.2	17.7	2.4	2.2	33.3	28.6	1.6	1.9	5.8
Afry AB	1821	3023	19.1	17.0	12.1	11.5	1.2	1.2	16.5	15.9	3.3	3.5	1.6
Rejlers AB	390	442	17.9	15.2	10.8	9.6	1.2	1.1	21.8	18.5	2.2	2.6	2.3
Solwers Oyj	48	65	13.4	21.0	8.2	8.9	1.0	0.7	15.1	28.2	1.3	0.8	0.8
Etteplan Oyj	284	369	14.0	17.0	8.1	9.2	1.0	1.0	14.7	25.5	3.0	1.9	2.5
Norconsult ASA	1278	1276	19.8	18.3	12.4	11.6	1.7	1.6	24.5	21.3	2.0	2.8	7.5
Sitowise (Inderes)	**85**	**160**	**17.8**	**10.8**	**8.6**	**6.3**	**0.8**	**0.8**	**33.0**	**12.9**	**2.1**	**5.9**	**0.7**
Average			**18.4**	**18.5**	**11.8**	**11.4**	**1.4**	**1.3**	**21.0**	**23.0**	**2.2**	**2.2**	**3.4**
Median			**18.5**	**17.7**	**11.4**	**10.5**	**1.2**	**1.2**	**19.2**	**23.4**	**2.1**	**2.2**	**2.4**
Diff-% to median			***-4%***	***-39%***	***-24%***	***-40%***	***-30%***	***-35%***	***72%***	***-45%***	***1%***	***165%***	***-69%***

Source: Refinitiv / Inderes

Income statement

Income statement	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	**204.4**	**210.9**	**51.5**	**50.9**	**41.8**	**48.7**	**192.9**	**48.1**	**49.3**	**42.2**	**50.9**	**190.5**	**207.4**	**221.3**	**230.4**
Infra	60.0	65.6	17.0	18.0	15.5	17.9	68.4	17.6	18.6	16.2	19.1	71.5	73.6	75.5	77.0
Buildings	79.4	70.8	16.1	15.5	12.2	13.6	57.4	14.2	14.6	11.8	13.9	54.5	61.6	69.0	72.4
Digital Solutions	22.1	29.9	7.0	7.0	6.5	7.6	28.1	9.3	9.5	8.7	10.3	37.7	43.4	46.8	49.1
Sweden	42.9	44.5	11.4	10.4	7.7	9.6	39.1	7.0	6.8	5.4	7.7	26.8	28.8	30.1	31.9
EBITDA	**23.8**	**23.2**	**5.1**	**4.3**	**3.3**	**3.0**	**15.6**	**2.8**	**4.9**	**5.2**	**5.5**	**18.5**	**24.8**	**27.7**	**28.8**
Depreciation	-10.6	-11.5	-3.1	-3.2	-3.5	-3.3	-13.2	-3.1	-2.9	-2.8	-2.7	-11.5	-10.3	-9.6	-9.2
EBITA (adj.)	**20.4**	**17.0**	**3.4**	**2.6**	**2.4**	**1.2**	**9.6**	**2.4**	**3.0**	**3.3**	**3.7**	**12.5**	**17.2**	**20.0**	**21.0**
EBITA	**16.1**	**15.3**	**3.1**	**2.2**	**1.3**	**0.9**	**7.4**	**0.8**	**2.9**	**3.2**	**3.6**	**10.5**	**17.2**	**20.0**	**21.0**
EBIT	**13.2**	**11.7**	**2.0**	**1.1**	**-0.2**	**-0.4**	**2.5**	**-0.3**	**2.0**	**2.4**	**2.8**	**7.0**	**14.4**	**18.1**	**19.6**
Net financial items	-2.9	-4.6	-1.2	-1.3	-1.6	-1.7	-5.8	-1.6	-1.5	-1.6	-1.6	-6.3	-6.0	-5.8	-5.6
PTP	**10.3**	**7.1**	**0.7**	**-0.2**	**-1.8**	**-2.1**	**-3.4**	**-1.8**	**0.5**	**0.8**	**1.2**	**0.7**	**8.5**	**12.3**	**14.1**
Taxes	-2.4	-1.6	-0.2	0.0	0.4	0.5	0.7	0.4	-0.1	-0.2	-0.3	-0.1	-1.9	-2.7	-3.1
Minority interest	-0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	**7.8**	**5.6**	**0.6**	**-0.1**	**-1.4**	**-1.6**	**-2.6**	**-1.4**	**0.4**	**0.6**	**1.0**	**0.6**	**6.6**	**9.6**	**11.0**
EPS (adj.)	**0.34**	**0.21**	**0.03**	**0.01**	**-0.01**	**-0.04**	**-0.01**	**0.01**	**0.01**	**0.02**	**0.03**	**0.07**	**0.18**	**0.27**	**0.31**
EPS (rep.)	**0.22**	**0.16**	**0.02**	**0.00**	**-0.04**	**-0.05**	**-0.07**	**-0.04**	**0.01**	**0.02**	**0.03**	**0.02**	**0.18**	**0.27**	**0.31**

Key figures	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	14.0 %	3.2 %	-8.0 %	-9.9 %	-8.4 %	-7.8 %	-8.5 %	-6.6 %	-3.1 %	0.9 %	4.6 %	-1.2 %	8.9 %	6.7 %	4.1 %
Adjusted EBITA growth-%	-3.6 %	-16.6 %	-28.3 %	-56.9 %	-50.4 %	-78.7 %	-43.8 %	-27.7 %	17.0 %	36.5 %	213.9 %	30.8 %	37.7 %	16.3 %	4.8 %
EBITDA-%	11.6 %	11.0 %	9.9 %	8.4 %	7.9 %	6.1 %	8.1 %	5.9 %	9.9 %	12.4 %	10.9 %	9.7 %	11.9 %	12.5 %	12.5 %
Adjusted EBITA-%	10.0 %	8.1 %	6.6 %	5.0 %	5.8 %	2.5 %	5.0 %	5.1 %	6.1 %	7.9 %	7.4 %	6.6 %	8.3 %	9.0 %	9.1 %

Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	**202**	**198**	**195**	**192**	**191**
Goodwill	158	159	159	159	159
Intangible assets	11.9	11.6	9.1	6.3	4.4
Tangible assets	29.3	25.3	24.4	24.8	25.3
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	1.9	1.9	1.9	1.9	1.9
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.7	0.8	0.8	0.8	0.8
Current assets	**76.6**	**68.8**	**65.4**	**72.1**	**78.0**
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	1.8	0.6	0.6	0.6	0.6
Receivables	59.2	50.7	51.4	57.0	62.0
Cash and equivalents	15.6	17.5	13.3	14.5	15.5
Balance sheet total	**278**	**267**	**260**	**265**	**269**

Source: Inderes

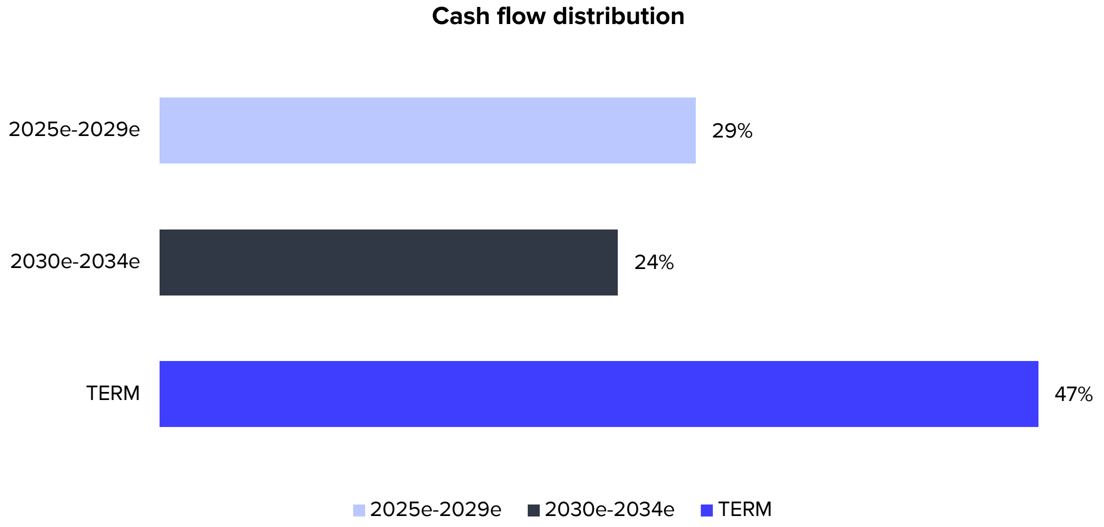
Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	**120**	**115**	**116**	**121**	**125**
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	25.8	23.3	23.8	28.6	33.2
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.3	-0.1	0.0	0.0	0.0
Other equity	93.2	92.0	92.0	92.0	92.0
Minorities	0.3	0.0	0.0	0.0	0.0
Non-current liabilities	**92.0**	**87.5**	**81.3**	**81.3**	**76.3**
Deferred tax liabilities	1.5	1.0	1.0	1.0	1.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	90.5	86.2	80.0	80.0	75.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.3	0.3	0.3	0.3
Current liabilities	**66.9**	**64.3**	**63.0**	**62.6**	**67.5**
Interest bearing debt	8.2	8.4	8.2	6.2	7.3
Payables	58.3	55.5	54.3	56.0	59.7
Other current liabilities	0.4	0.4	0.4	0.4	0.4
Balance sheet total	**278**	**267**	**260**	**265**	**269**

DCF-calculation

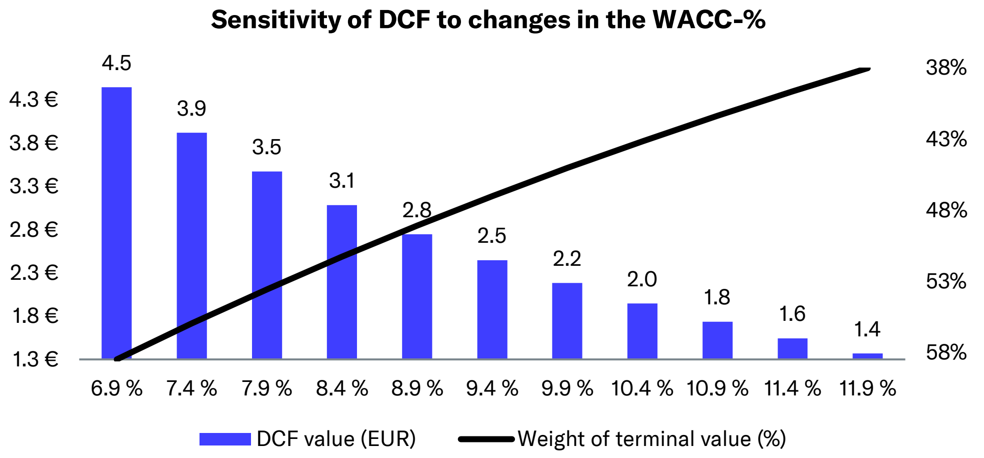
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-8.5 %	-1.2 %	8.9 %	6.7 %	4.1 %	2.5 %	2.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %
EBIT-%	1.3 %	3.7 %	7.0 %	8.2 %	8.5 %	8.5 %	8.5 %	8.5 %	8.5 %	8.5 %	8.0 %	8.0 %
EBIT (operating profit)	**2.5**	**7.0**	**14.4**	**18.1**	**19.6**	**20.1**	**20.5**	**20.7**	**20.9**	**21.1**	**20.1**	
+ Depreciation	13.2	11.5	10.3	9.6	9.2	8.9	8.8	8.8	8.8	8.9	9.0	
- Paid taxes	0.1	-0.1	-1.9	-2.7	-3.1	-3.2	-3.3	-3.3	-3.4	-3.4	-3.2	
- Tax, financial expenses	-1.2	-1.0	-1.3	-1.3	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	
+ 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	6.9	-2.0	-3.9	-1.2	-1.2	-1.3	-0.1	0.0	0.0	0.0	0.0	
Operating cash flow	**21.4**	**15.4**	**17.7**	**22.5**	**23.2**	**23.3**	**24.7**	**24.8**	**25.0**	**25.3**	**24.6**	
+ Change in other long-term liabilities	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-9.6	-8.0	-8.0	-8.2	-8.3	-8.5	-8.7	-8.8	-9.0	-9.2	-9.4	
Free operating cash flow	**12.2**	**7.4**	**9.7**	**14.4**	**14.9**	**14.8**	**16.0**	**16.0**	**16.0**	**16.1**	**15.2**	
+/- Other	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	11.7	7.4	9.7	14.4	14.9	14.8	16.0	16.0	16.0	16.1	15.2	184
Discounted FCFF		**7.0**	**8.4**	**11.4**	**10.8**	**9.8**	**9.7**	**8.8**	**8.1**	**7.4**	**6.4**	**77.6**
Sum of FCFF present value		165	158	150	139	128	118	108	99.5	91.4	84.0	77.6
Enterprise value DCF		**165**										
- Interest bearing debt		-94.6										
+ Cash and cash equivalents		17.5										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		**88.3**										
Equity value DCF per share		**2.5**										

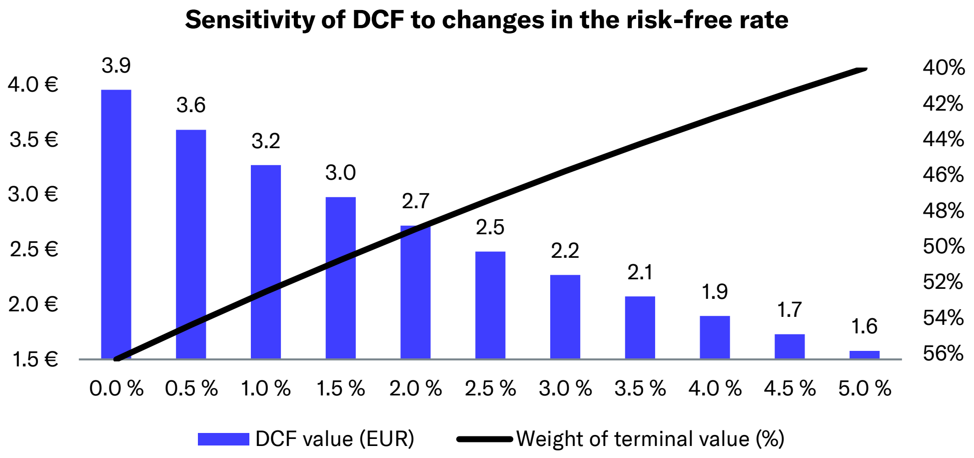
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	20.0 %
Cost of debt	5.5 %
Equity Beta	1.45
Market risk premium	4.75%
Liquidity premium	1.20%
Risk free interest rate	2.5 %
Cost of equity	**10.6 %**
Weighted average cost of capital (WACC)	**9.4 %**

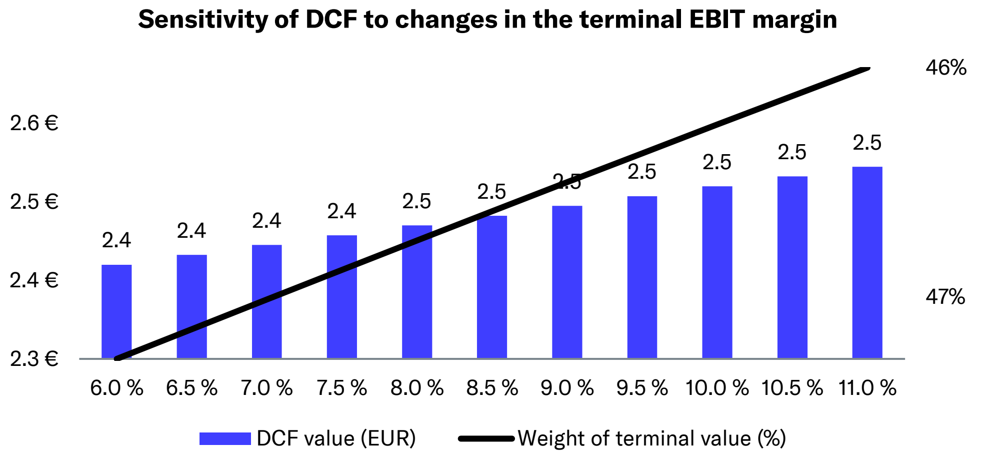
Source: Inderes

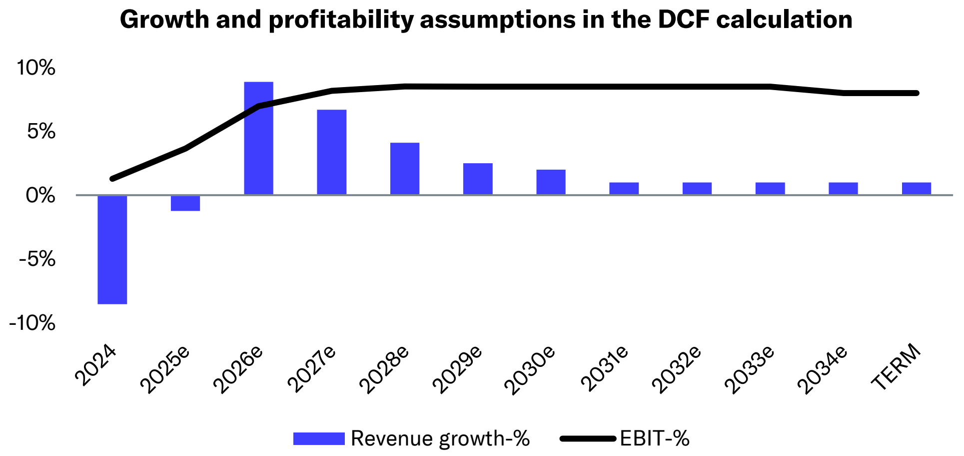


DCF sensitivity calculations and key assumptions in graphs









Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

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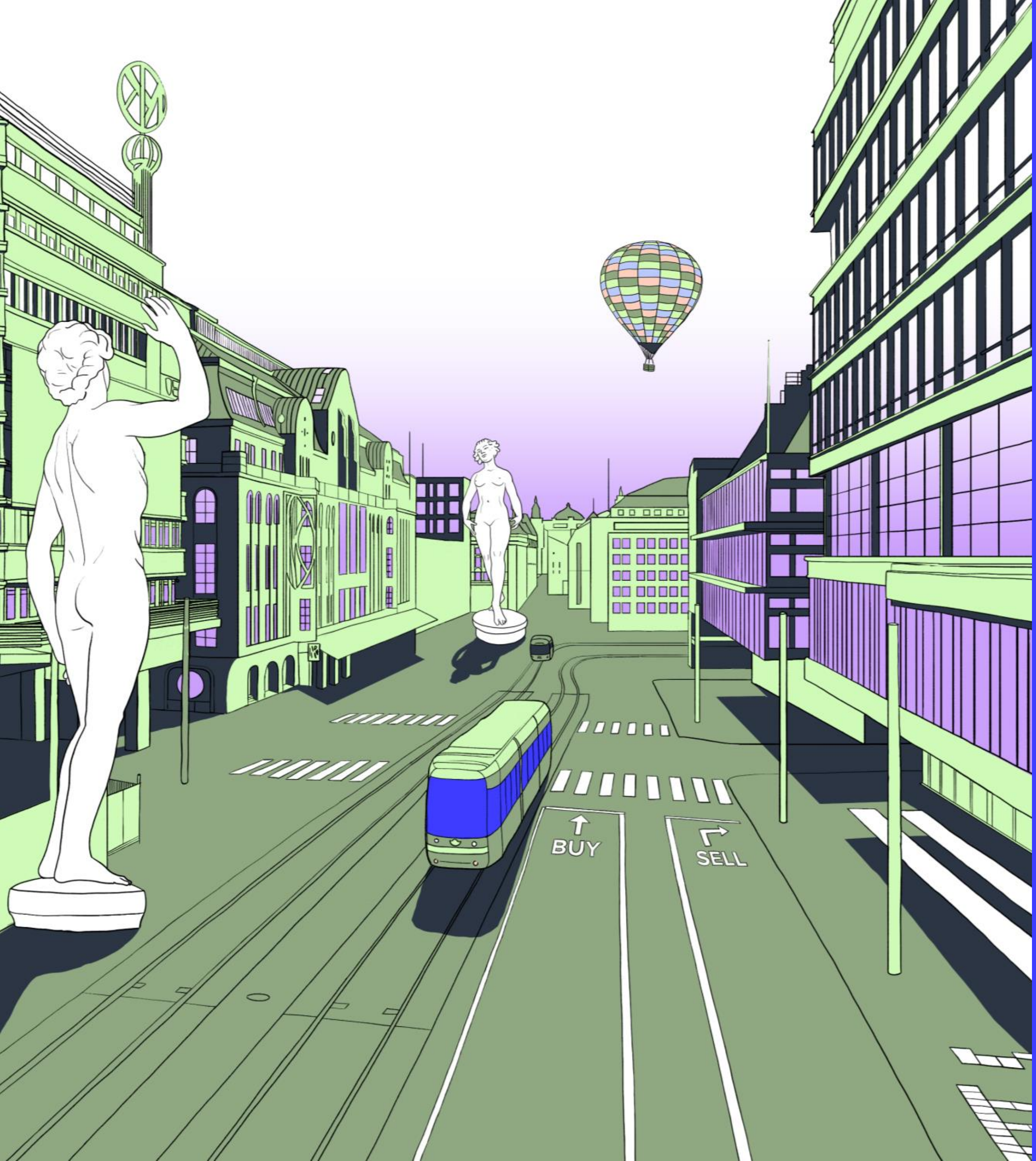
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2021-03-29	Reduce	8.60 €	8.50 €
2021-05-20	Accumulate	9.30 €	8.78 €
2021-08-26	Accumulate	9.30 €	8.27 €
2021-11-11	Accumulate	9.30 €	8.33 €
2022-03-03	Accumulate	7.60 €	6.50 €
2022-05-04	Accumulate	7.20 €	6.05 €
2022-05-19	Buy	7.20 €	5.74 €
2022-08-18	Accumulate	6.50 €	5.50 €
2022-10-27	Buy	5.50 €	3.90 €
2022-11-02	Buy	5.50 €	4.15 €
2022-11-29	Accumulate	5.50 €	4.75 €
2023-03-01	Accumulate	5.40 €	4.89 €
2023-05-10	Accumulate	5.10 €	4.40 €
2023-08-17	Buy	5.00 €	4.00 €
2023-09-05	Buy	5.00 €	3.99 €
2023-10-20	Accumulate	4.00 €	3.38 €
2023-11-03	Accumulate	3.30 €	2.88 €
2024-02-28	Accumulate	3.00 €	2.65 €
2024-05-10	Accumulate	3.20 €	2.88 €
2024-07-15	Reduce	2.90 €	2.80 €
2024-08-01	Reduce	2.70 €	2.89 €
2024-08-14	Reduce	2.50 €	2.42 €
2024-11-08	Reduce	2.50 €	2.41 €
2025-01-24	Reduce	2.70 €	2.85 €
2025-02-13	Reduce	2.50 €	2.42 €
2025-05-14	Reduce	2.40 €	2.37 €



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