

# NYAB

## Company report

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This report is a summary translation of the report “Arvostus hiertää tuloskasvunäkymistä huolimatta” published on 8/28/2023 at 8:15 am EEST

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# Valuation problematic despite growth outlook

NYAB's Q2 report was unsurprising in terms of main operational lines and guidance, due to the preliminary information provided in connection with the profit warning. Our estimate changes remained limited in light of the report that was pretty much in line with our expectations. We expect that NYAB will continue to grow quite rapidly in the next few years and profitability will gradually improve with worst cost pressures easing. However, this has already been priced into the share more than our forecasts, and at the current share price, the risk/return ratio has, in our opinion, turned very weak. Thus, we reiterate our EUR 0.55 target price but lower our recommendation to Sell (was Reduce).

## No surprises in Q2 thanks to preliminary information

With the preliminary information provided by NYAB, the main operational lines for Q2 were already known. NYAB's revenue grew by 17% in Q2 and was EUR 65.3 million. Growth was driven by strong growth in Finnish businesses (+94%). On the other hand, slight softness was seen in the Swedish businesses as reported revenue decreased (-5%). It should, however, be noted that the reported development faced headwind as SEK weakened. In addition, the timing of revenue may be subject to fluctuations due to project timing. Correspondingly, reported EBIT was EUR 4.0 million as expected (EBITA adjusted for PPA depreciation: 4.6 MEUR). On EBIT level, the company's result was supported by a EUR 3.3 million settlement from the City of Mikkeli (total support 3.6 MEUR). In the lower lines, associates' losses were slightly higher than expected, while financing costs were around the level we expected. Contrary to our expectations, taxes were clearly positive, which meant that the net result exceeded our estimate.

## Minimal estimate changes

As expected, NYAB reiterated the 2023 guidance given in the profit warning, according to which it expects revenue of EUR 290-315 million and an EBIT of EUR 16-24 million. NYAB's outlook was unchanged, and in the short term, the development faces headwind from macroeconomic factors (inflation and higher interest rates), which, according to the company, will result in postponement of investment decisions in the Swedish infrastructure and Finnish energy construction markets (especially wind power BoP construction). However, the company remains confident in the longer-term outlook and expects delays to lead to higher volumes in the coming years. We also consider the temporary nature of the demand challenges a likely scenario, but there is uncertainty about the timing of the recovery. As the main lines of Q2 were known and the guidance was repeated, we only fine-tuned our 2023 operational estimates and expect revenue to be EUR 303 million this year (previously 302 MEUR) and EBIT EUR 19.1 million (previous 18.8 MEUR). Our estimates for the next few years also remain virtually unchanged and they are explained in more detail in our previous [update](#).

## Continued profitable growth already priced several years down the line

With our current estimates, the adjusted P/E ratio for 2024 is some 21x and the corresponding EV/EBIT ratio 16x, and we find the short-term earnings-based valuation very challenging. With our current estimates, the medium-term expected return is also negative on average and the investor's expected return consists of a low dividend yield of 1-2% and the option that Skarta Energy develops favorably. The challenge of the current valuation is also indicated by our sum of parts model, which now stands at EUR 0.46-0.59 per share (previously EUR 0.45-0.58). At the current share price level, the risk-adjusted expected return for the next 12 months is, in our view, also very weak despite good long-term growth prospects.

## Recommendation

**Sell**

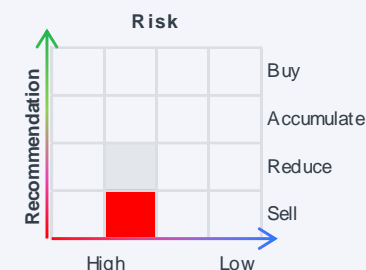
(previous Reduce)

**EUR 0.55**

(previous EUR 0.55)

**Share price:**

0.63



## Key figures

	2022	2023e	2024e	2025e
Revenue	253.3	302.6	348.0	410.6
growth-%	92%	19%	15%	18%
EBIT adj.	27.2	21.1	25.7	31.7
EBIT-% adj.	10.7 %	7.0 %	7.4 %	7.7 %
Net Income	23.3	15.9	20.6	26.5
EPS (adj.)	0.04	0.03	0.03	0.04

P/E (adj.)	24.8	24.9	20.7	16.5
P/B	3.4	2.3	2.2	2.0
Dividend yield-%	0.8 %	1.3 %	1.6 %	1.9 %
EV/EBIT (adj.)	22.9	20.4	16.4	12.9
EV/EBITDA	20.5	17.4	14.4	11.6
EV/S	2.5	1.4	1.2	1.0

Source: Inderes

## Guidance

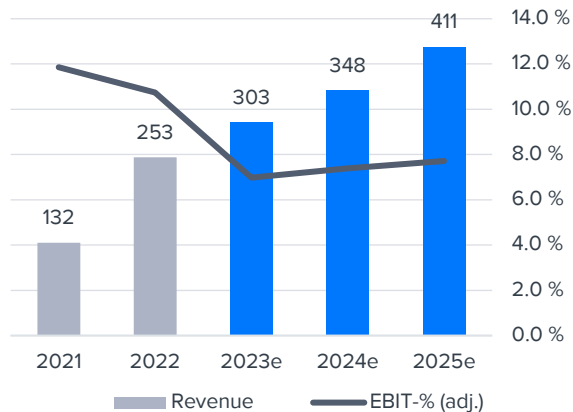
(Unchanged)

NYAB expects its revenue to be EUR 290-315 million and EBIT EUR 16-24 million in 2023.

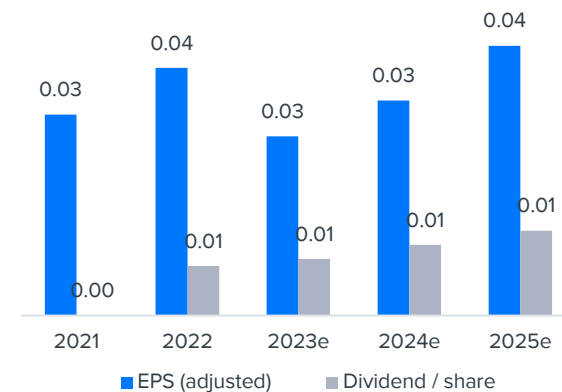
### Share price



### Revenue and EBIT-%



### EPS and dividend



### Value drivers

- Continued growth and higher profitability than competitors
- Strong market position in target markets, especially in the Norrbotten region
- The company is well positioned in the green transition and urbanization it offers, with promising growth prospects well into the future
- Focus on less cyclical and counter-cyclical construction sectors
- Sustainable improvement in the profitability of Finnish businesses
- Potential of the renewable energy project development joint venture (Skarta Energy) if the strategy is successful
- Acquisitions that create value



### Risk factors

- Fluctuations in demand in the construction market and general economic developments
- Pricing and project risks
- Tighter competition
- Personnel risks
- EUR/SEK currency pair (+/-) may swing reported figures
- Failure in acquisitions

Valuation	2023e	2024e	2025e
Share price	0.63	0.63	0.63
Number of shares, millions	706.7	706.7	706.7
Market cap	447	447	447
EV	431	422	410
P/E (adj.)	24.9	20.7	16.5
P/E	28.1	21.7	16.9
P/FCF	21.4	26.3	22.1
P/B	2.3	2.2	2.0
P/S	1.5	1.3	1.1
EV/Sales	1.4	1.2	1.0
EV/EBITDA	17.4	14.4	11.6
EV/EBIT (adj.)	20.4	16.4	12.9
Payout ratio (%)	35.6 %	34.3 %	32.0 %
Dividend yield-%	1.3 %	1.6 %	1.9 %

Source: Inderes

# No surprises in Q2 thanks to preliminary information

## Revenue continued to grow briskly

Thanks to preliminary information provided by NYAB, Q2's main operational lines were already known. The company's revenue grew by 17% in Q2 and was EUR 65.3 million. In the report, the company published the geographical development of revenue. The figures show a very strong growth in revenue (+94%), especially in the Finnish businesses, compared to the comparison period. A slight softness was seen in Sweden as reported revenue decreased (-5%), but it should be noted that the reported figures faced headwind from currencies as SEK weakened (~6% during the review period). In addition, the timing of revenue may be subject to fluctuations due to project timing.

There was delays in demand due to macroeconomic factors (inflation and higher interest rates) in the Swedish infrastructure and Finnish energy construction markets (especially BoP construction), which was already known thanks to the profit warning. This was negatively reflected in building the H2 order book. Despite this, the company's order

backlog was at a solid level of EUR 252 million (cf. Q1'23: 235 MEUR), which we expect to provide visibility for the rest of the year and, to some extent, next year's development.

## No surprises in the operational result after preliminary information

The company's EBIT level was also known with preliminary data and it was EUR 4.0 million as expected. Correspondingly, EBITA adjusted for PPA depreciation was EUR 4.6 million. On EBIT level, the company's result was supported by a EUR 3.3 million settlement from the City of Mikkeli (total support 3.6 MEUR). Adjusted for this, the company's operating result was below the comparison period due to the ramp-up costs of several projects and higher Group administration costs (incl. strengthening the management team to enable future growth) and share incentive plans (IFRS2) (the impact of administration and the incentive plan was 1.4 MEUR in H1). The company did not give detailed country-specific profit development in the report but commented that the profitability of Finnish

businesses had improved from the comparison period.

In the lower lines of the income statement, the share of associates' losses was slightly higher than expected, while financing costs were around the expected level. By contrast, taxes were clearly positive, which meant that the net result exceeded our estimate (due to the large number of shares, EPS comparison is not sensible).

## Cash flow at a good level with the settlement

In H1, NYAB's cash flow from operating activities was EUR 10.9 million (Q1 level not reported), supported by a non-recurring settlement of some EUR 9.2 million from the City of Mikkeli. Free cash flow was also at a good level (9.3 MEUR) in H1, reflecting the moderate investments needs of the business. The company's balance sheet position was very strong with an equity ratio of 69% (Q2'22: 68%). In turn, the ratio of net debt (6.1 MEUR) to our 2023 EBITDA estimate is around 0.2x, which means that the NYAB's financial position is at a good level and allows the company to implement its growth strategy.

Estimates	Q2'22	Q2'23	Q2'23e	Q2'23e	Consensus		Difference (%)	2023e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	55.7	65.3	65.0				0%	303
EBIT	2.2	4.0	4.0				1%	19.1
PTP	1.9	3.3	3.5				-7%	16.8
Nettotos	0.7	3.7	3.2				16%	15.0
Revenue growth-%		17.2 %	16.6 %				0.6 pp	19.5 %
EBIT-% (adj.)	3.9 %	7.0 %	6.2 %				0.8 pp	6.3 %

Source: Inderes

## NYAB Q2'23: Project profitability causes pressure (in English)



# Minimal estimate changes

## Estimate revisions 2023e-2025e

- As expected, NYAB reiterated the 2023 guidance given in the profit warning, according to which it expects revenue of EUR 290-315 million and an EBIT of EUR 16-24 million.
- As the main lines of Q2 were known and the guidance was reiterated, we only fine-tuned of our 2023 operational forecasts. We expect the company's growth to slow down from the comparison period during the rest of the year and inflationary pressures will burden its profitability. Despite this, we expect the company's profitability to be at a good level considering the industry.
- The estimate changes for the next few years were also limited at this point, and we expect the company to continue growing quickly in the next few years and profitability to rise as inflationary pressures gradually ease. We have explained our estimates in more detail in our previous [update](#).

## Operational earnings drivers 2022-2025e:

- NYAB's order backlog at the end of Q2 was EUR 252 million, which provides the company with some visibility for next year. Despite temporary postponement of investment decisions, the company's demand outlook is good in the longer term due to the investments required by the green transition.
- Strengthening the contract portfolio with several multi-year contracts (incl. framework and maintenance contracts) would improve business predictability and reduce the impact of macroeconomic factors on sales
- We expect that once the worst inflationary pressures ease (i.e. as the order book rolls on) it will support the company's profitability development in the coming years
- Sustainable profitability improvement in Finnish businesses closer to the level of the Swedish business
- Progress in Skarta Energy's project development (incl. possible project development fees)
- The company's strong balance sheet enables acquisitions that support growth already in the short term, and the company said it had examined the market particularly closely in H1

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	302	303	0%	348	348	0%	410	411	0%
EBITDA	24.5	24.7	1%	28.9	29.3	1%	35.4	35.5	0%
EBIT (exc. NRIs)	20.9	21.1	1%	25.4	25.7	1%	31.7	31.7	0%
EBIT	18.8	19.1	1%	24.4	24.8	2%	31.1	31.2	0%
PTP	16.8	16.8	0%	22.9	23.0	0%	29.6	29.5	0%
EPS (excl. NRIs)	0.02	0.03	5%	0.03	0.03	0%	0.04	0.04	0%
DPS	0.008	0.008	0%	0.010	0.010	0%	0.012	0.012	0%

Source: Inderes

# Risk/return ratio is not tempting

## Valuation methods

In particular, we approach the valuation of NYAB using absolute valuation multiples and the sum-of-the-parts calculation, as this also takes into account the longer-term potential of Skarta Energy. However, it's worth noting that with Skarta Energy still in its start-up phase, there is considerable uncertainty in both directions about its future development.

## Absolute valuation and expected return in the coming years

With the share price drop and updated estimates, the 2023 EV/EBIT ratio is 20x and the corresponding P/E ratio is 25x. However, the multiples are supported by a non-recurring settlement of EUR 3.6 million in Q2 (EV/EBIT 3.3 MEUR in result). Adjusted for this, the EV/EBIT multiple increases to 24x and the corresponding P/E multiple to 31x. Thus, the earnings-based valuation is very challenging for this year (cf. acceptable valuation of EV/EBIT 12x-16x, P/E 13x-17x), also considering that we do not feel it is justified to value the share at the top of the ranges before the outlook is confirmed. We expect continued growth and increased operational profitability to lower the multiples when looking at next year, while the valuation still remains challenging (EV/EBIT 16x, P/E 21x). Thus, considering our current assumptions, we feel the multiples become neutral only in 2025.

We have also examined the company's valuation through the expected total return for the next few years. In our view, NYAB's businesses could be valued at 12x-15x EV/EBIT and around 13x-16x P/E at the end of 2025 on our current estimates, if the company achieves our growth and profitability estimates and its strongest growth phase is behind it.

The multiples would still be well above the current and historical median of peer companies and pricing would naturally require NYAB to maintain a profitability well above the industry average, with no substantial change in the overall pricing of the stock market. Based on this, we estimate that the current business could be valued at roughly EUR 0.53-0.71 per share at the end of 2025. At the current share price, the annual expected return would be slightly in the red on average, and the investor's expected return would consist of a dividend yield of 1-2% and the option that Skarta Energy develops favorably. As a whole, we feel that the current share price already prices a higher earnings growth for the next few years than we expect (incl. an increase in the acceptable valuation).

## Sum of the parts fell sharply

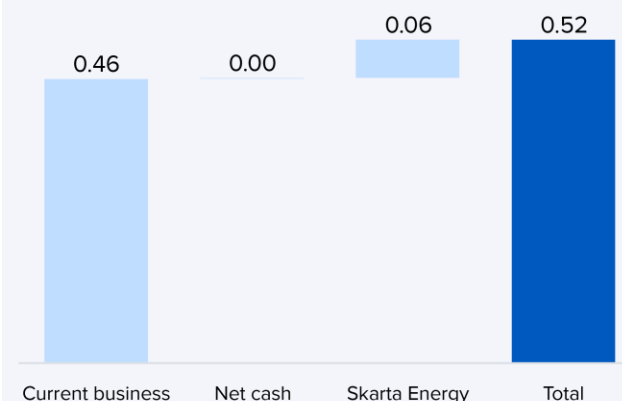
In turn, the indicative value of our sum-of-the-parts calculation (detailed parameters presented [in our extensive report](#)) remained practically unchanged and is EUR 323-416 million in our neutral scenario (was 318-412 MEUR), which corresponds to a value per share of EUR 0.46-0.59 (was EUR 0.45-0.58). From this angle, we believe that there is downside in the share, but on the other hand, the sum of the parts is depressed by weaker short-term performance.

Considering this overall picture, we believe that there is a downside in the share from the current level in the short term. On the other hand, we believe the company has the potential to accelerate growth through acquisitions, but it is too early to comment on the value creation potential of these. At the current share price level, we feel the risk-adjusted expected return is very weak for the next 12 months, despite the good growth prospects in the longer term.

Valuation	2023e	2024e	2025e
Share price	0.63	0.63	0.63
Number of shares, millions	706.7	706.7	706.7
Market cap	447	447	447
EV	431	422	410
P/E (adj.)	24.9	20.7	16.5
P/E	28.1	21.7	16.9
P/FCF	21.4	26.3	22.1
P/B	2.3	2.2	2.0
P/S	1.5	1.3	1.1
EV/Sales	1.4	1.2	1.0
EV/EBITDA	17.4	14.4	11.6
EV/EBIT (adj.)	20.4	16.4	12.9
Payout ratio (%)	35.6 %	34.3 %	32.0 %
Dividend yield-%	1.3 %	1.6 %	1.9 %

Source: Inderes

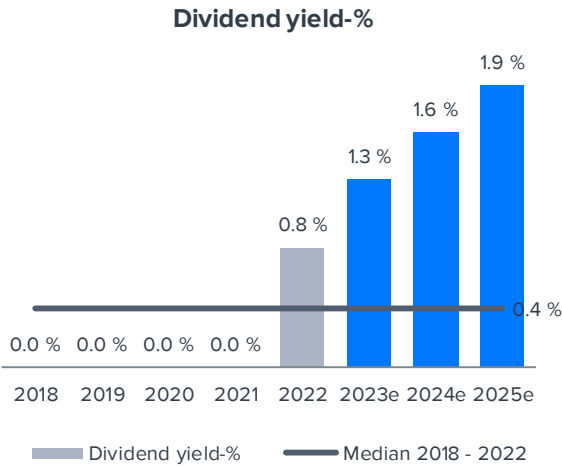
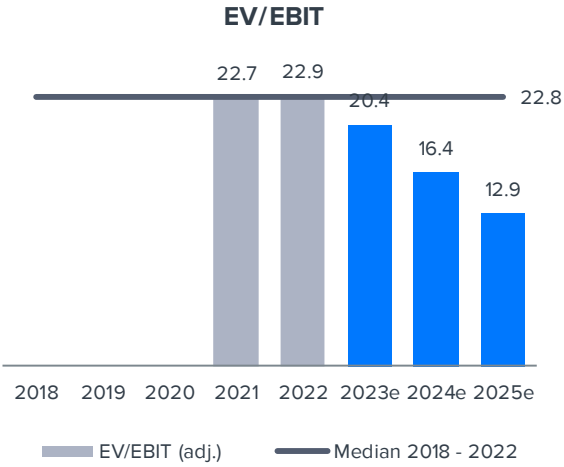
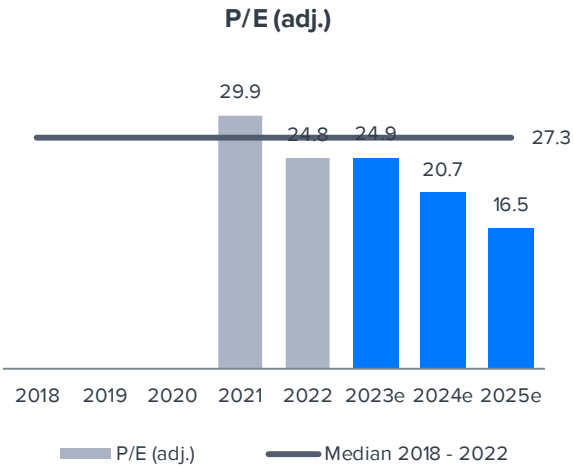
## Mid-point of sum-of-the-parts in neutral scenario



# Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price				0.85	0.87	0.63	0.63	0.63	0.63
Number of shares, millions				414.2	706.7	706.7	706.7	706.7	706.7
Market cap				352	615	447	447	447	447
EV				354	622	431	422	410	395
P/E (adj.)				29.9	24.8	24.9	20.7	16.5	15.0
P/E				29.9	26.4	28.1	21.7	16.9	15.2
P/FCF				54.6	10.5	21.4	26.3	22.1	18.5
P/B				13.5	3.4	2.3	2.2	2.0	1.8
P/S				2.7	2.4	1.5	1.3	1.1	1.0
EV/Sales				2.7	2.5	1.4	1.2	1.0	0.9
EV/EBITDA				21.1	20.5	17.4	14.4	11.6	9.8
EV/EBIT (adj.)				22.7	22.9	20.4	16.4	12.9	10.9
Payout ratio (%)				0.0 %	21.2 %	35.6 %	34.3 %	32.0 %	33.6 %
Dividend yield-%				0.0 %	0.8 %	1.3 %	1.6 %	1.9 %	2.2 %

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
Peab	1042	2833	12.6	15.3	8.3	9.0	0.6	0.6	5.7	7.5	8.6	9.0	0.8
NCC	916	1360	8.9	9.6	5.3	5.6	0.3	0.3	7.1	7.9	5.9	6.4	1.3
Skanska	5441	5427	11.0	9.0	7.9	6.6	0.4	0.4	12.3	10.6	4.9	5.2	1.1
YIT	489	1468	25.2	20.9	20.1	15.4	0.6	0.7	42.1	17.4	3.7	5.3	0.6
AF Gruppen	1209	1377	12.5	9.2	8.8	7.0	0.5	0.5	20.1	14.7	6.8	6.6	5.8
NRC Group	66	153	9.2	6.5	4.6	3.7	0.3	0.2	6.8	4.6	4.8	7.2	0.3
Veidekke	1155	1060	9.7	8.6	5.4	4.9	0.3	0.3	13.8	12.2	8.0	7.6	4.5
MT Hoejgaard Holding	107	157	6.2	3.7	3.3	2.4	0.1	0.1	8.6	3.6			1.0
Kreate	65	104	12.4	11.9	7.5	6.4	0.3	0.3	13.5	11.0	5.5	6.3	1.5
Sitowise	141	223	20.3	10.6	7.7	7.1	1.0	1.0	13.1	10.5	3.1	3.4	1.1
Sweco	3179	3745	17.1	15.6	13.1	12.1	1.6	1.5	19.4	17.4	2.7	2.8	3.4
AFRY	1321	1967	12.2	10.8	8.2	7.6	0.9	0.9	12.1	10.6	4.4	5.0	1.2
Enersense	94	132	19.7	11.3	7.9	6.2	0.4	0.4		18.8	1.8	2.1	1.7
Eltel	89	261		20.1	11.3	5.6	0.3	0.3					0.4
Dovre Group	50	43	6.2	5.4	6.2	5.4	0.2	0.2	11.8	11.8	2.1	2.1	1.3
Netel	43	109	8.4	5.6	5.8	4.2	0.4	0.4	5.9	3.6	9.4	9.6	0.4
<b>NYAB (Inderes)</b>	<b>447</b>	<b>431</b>	<b>20.4</b>	<b>16.4</b>	<b>17.4</b>	<b>14.4</b>	<b>1.4</b>	<b>1.2</b>	<b>24.9</b>	<b>20.7</b>	<b>1.3</b>	<b>1.6</b>	<b>2.3</b>
<b>Average</b>			<b>12.8</b>	<b>10.9</b>	<b>8.2</b>	<b>6.8</b>	<b>0.5</b>	<b>0.5</b>	<b>13.7</b>	<b>10.8</b>	<b>5.1</b>	<b>5.6</b>	<b>1.7</b>
<b>Median</b>			<b>12.2</b>	<b>10.1</b>	<b>7.8</b>	<b>6.3</b>	<b>0.4</b>	<b>0.4</b>	<b>12.2</b>	<b>10.6</b>	<b>4.9</b>	<b>5.8</b>	<b>1.2</b>
<b>Diff-% to median</b>			<b>67%</b>	<b>62%</b>	<b>124%</b>	<b>129%</b>	<b>270%</b>	<b>236%</b>	<b>104%</b>	<b>95%</b>	<b>-74%</b>	<b>-73%</b>	<b>99%</b>

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	132	17.5	55.7	90.3	89.8	253	39.2	65.3	99.4	98.7	303	348	411	460
Group	132	17.5	55.7	90.3	89.8	253	39.2	65.3	99.4	98.7	303	348	411	460
EBITDA	16.7	-0.4	3.5	6.6	20.8	30.4	-0.6	5.4	10.0	9.9	24.7	29.3	35.5	40.3
Depreciation	-1.1	-0.4	-1.3	-1.3	-1.6	-4.6	-1.4	-1.4	-1.4	-1.4	-5.6	-4.5	-4.3	-4.3
EBIT (excl. NRI)	15.6	-0.9	2.7	5.7	19.7	27.2	-1.5	4.6	9.1	9.0	21.1	25.7	31.7	36.3
EBIT	15.6	-0.9	2.2	5.2	19.2	25.7	-2.1	4.0	8.6	8.5	19.1	24.8	31.2	36.0
Group	15.6	-0.9	2.2	5.2	19.2	25.7	-2.1	4.0	8.6	8.5	19.1	24.8	31.2	36.0
Share of profits in assoc. compan.	0.0	0.0	0.0	0.0	-0.1	0.0	-0.2	-0.4	-0.2	-0.2	-1.0	-0.6	-0.6	-0.3
Net financial items	0.0	-0.1	-0.3	-0.2	0.2	-0.4	-0.3	-0.4	-0.3	-0.3	-1.3	-1.2	-1.1	-1.0
PTP	15.6	-0.9	1.9	5.0	19.3	25.3	-2.6	3.3	8.1	8.0	16.8	23.0	29.5	34.7
Taxes	-3.4	-0.1	-1.3	-0.6	0.0	-2.0	-0.3	0.5	-0.6	-0.5	-0.9	-2.4	-3.0	-5.2
Minority interest	-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
Net earnings	11.8	-1.0	0.7	4.3	19.3	23.3	-2.8	3.7	7.6	7.4	15.9	20.6	26.5	29.5
EPS (adj.)	0.03	0.00	0.00	0.01	0.03	0.04	0.00	0.01	0.01	0.01	0.03	0.03	0.04	0.04
EPS (rep.)	0.03	0.00	0.00	0.01	0.03	0.03	0.00	0.01	0.01	0.01	0.02	0.03	0.04	0.04

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-%						92.3 %	124.0 %	17.2 %	10.0 %	10.0 %	19.5 %	15.0 %	18.0 %	12.0 %
Adjusted EBIT growth-%						74.3 %	79.1 %	72.1 %	60.3 %	-54.5 %	-22.4 %	21.8 %	23.1 %	14.5 %
EBITDA-%	12.7 %	-2.5 %	6.3 %	7.3 %	23.1 %	12.0 %	-1.7 %	8.3 %	10.1 %	10.0 %	8.2 %	8.4 %	8.6 %	8.8 %
Adjusted EBIT-%	11.9 %	-4.9 %	4.8 %	6.3 %	22.0 %	10.7 %	-3.9 %	7.0 %	9.2 %	9.1 %	7.0 %	7.4 %	7.7 %	7.9 %
Net earnings-%	8.9 %	-5.8 %	1.2 %	4.8 %	21.5 %	9.2 %	-7.2 %	5.7 %	7.6 %	7.5 %	5.3 %	5.9 %	6.4 %	6.4 %

Source: Inderes

# Balance sheet

Assets	2021	2022	2023e	2024e	2025e
<b>Non-current assets</b>	<b>8.5</b>	<b>160</b>	<b>159</b>	<b>158</b>	<b>159</b>
Goodwill	0.0	121	121	121	121
Intangible assets	0.0	3.8	1.9	1.1	0.7
Tangible assets	8.2	17.7	18.3	18.9	19.6
Associated companies	0.0	11.1	11.1	11.1	11.1
Other investments	0.0	5.6	5.6	5.6	5.6
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.2	0.5	0.5	0.5	0.5
<b>Current assets</b>	<b>45.3</b>	<b>99.1</b>	<b>107</b>	<b>130</b>	<b>160</b>
Inventories	0.7	2.3	3.0	3.5	4.1
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	35.2	83.0	87.8	101	119
Cash and equivalents	9.4	13.8	16.1	25.7	37.3
<b>Balance sheet total</b>	<b>53.7</b>	<b>259</b>	<b>265</b>	<b>289</b>	<b>319</b>

Source: Inderes

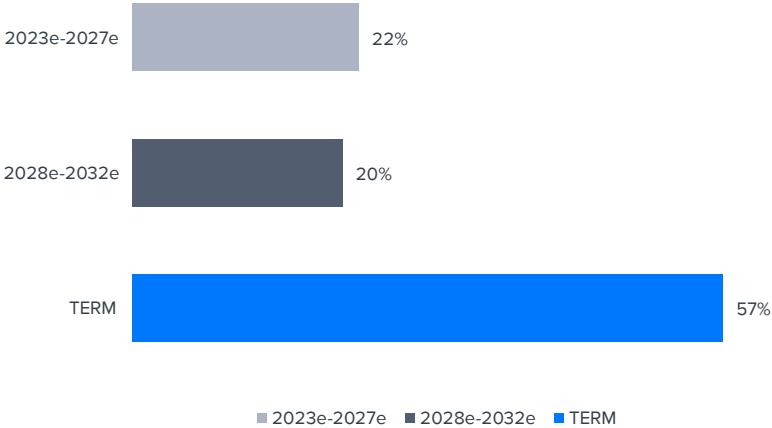
Liabilities & equity	2021	2022	2023e	2024e	2025e
<b>Equity</b>	<b>26.7</b>	<b>180</b>	<b>191</b>	<b>206</b>	<b>226</b>
Share capital	0.0	0.1	0.1	0.1	0.1
Retained earnings	26.7	40.3	51.3	66.3	85.7
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	-0.5	140	140	140	140
Minorities	0.5	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>5.1</b>	<b>17.2</b>	<b>14.6</b>	<b>14.6</b>	<b>14.6</b>
Deferred tax liabilities	2.4	4.4	4.4	4.4	4.4
Provisions	0.0	0.1	0.1	0.1	0.1
Long term debt	2.7	12.6	10.0	10.0	10.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.1	0.1	0.1	0.1
<b>Current liabilities</b>	<b>21.9</b>	<b>61.5</b>	<b>59.5</b>	<b>67.6</b>	<b>78.9</b>
Short term debt	0.8	8.2	5.0	5.0	5.0
Payables	21.1	53.3	54.5	62.6	73.9
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>53.7</b>	<b>259</b>	<b>265</b>	<b>289</b>	<b>319</b>

# DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	92.3 %	19.5 %	15.0 %	18.0 %	12.0 %	7.0 %	6.0 %	5.0 %	4.0 %	3.0 %	2.0 %	2.0 %
EBIT-%	10.2 %	6.3 %	7.1 %	7.6 %	7.8 %	7.7 %	7.6 %	7.5 %	7.4 %	7.3 %	7.0 %	7.0 %
<b>EBIT (operating profit)</b>	<b>25.7</b>	<b>19.1</b>	<b>24.8</b>	<b>31.2</b>	<b>36.0</b>	<b>37.9</b>	<b>39.6</b>	<b>41.1</b>	<b>42.2</b>	<b>42.8</b>	<b>41.9</b>	
+ Depreciation	4.6	5.6	4.5	4.3	4.3	4.3	4.4	4.5	4.7	4.8	4.9	
- Paid taxes	-0.3	-0.9	-2.4	-3.0	-5.2	-7.5	-7.9	-8.2	-8.4	-8.5	-8.3	
- Tax, financial expenses	0.0	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	
+ 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	-17.2	-4.3	-5.4	-7.5	-5.9	-3.9	-3.5	-3.1	-2.6	-2.1	-1.4	
<b>Operating cash flow</b>	<b>12.9</b>	<b>19.5</b>	<b>21.4</b>	<b>24.8</b>	<b>29.0</b>	<b>30.6</b>	<b>32.4</b>	<b>34.1</b>	<b>35.6</b>	<b>36.8</b>	<b>36.8</b>	
+ 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	-145	-4.2	-4.4	-4.6	-4.8	-4.9	-5.1	-5.3	-5.3	-5.3	-5.0	
<b>Free operating cash flow</b>	<b>-132</b>	<b>15.3</b>	<b>17.0</b>	<b>20.2</b>	<b>24.2</b>	<b>25.7</b>	<b>27.3</b>	<b>28.8</b>	<b>30.3</b>	<b>31.5</b>	<b>31.9</b>	
+/- Other	190	5.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	58.3	20.9	17.0	20.2	24.2	25.7	27.3	28.8	30.3	31.5	31.9	496
<b>Discounted FCFF</b>		<b>20.3</b>	<b>15.2</b>	<b>16.7</b>	<b>18.4</b>	<b>18.0</b>	<b>17.6</b>	<b>17.1</b>	<b>16.6</b>	<b>15.9</b>	<b>14.8</b>	<b>230</b>
Sum of FCFF present value		401	380	365	349	330	312	295	277	261	245	230
<b>Enterprise value DCF</b>		<b>401</b>										
- Interest bearing debt		-20.8										
+ Cash and cash equivalents		13.8										
-Minorities		0.0										
-Dividend/capital return		-4.9										
<b>Equity value DCF</b>		<b>403</b>										
<b>Equity value DCF per share</b>		<b>0.57</b>										
<b>WACC</b>												
Tax-% (WACC)		20.5 %										
Target debt ratio (D/(D+E))		20.0 %										
Cost of debt		5.0 %										
Equity Beta		1.20										
Market risk premium		4.75%										
Liquidity premium		1.50%										
Risk free interest rate		2.5 %										
<b>Cost of equity</b>		<b>9.7 %</b>										
<b>Weighted average cost of capital (WACC)</b>		<b>8.6 %</b>										

Source: Inderes

Cash flow distribution



# Summary

Income statement	2021	2022	2023e	2024e	Per share data	2021	2022	2023e	2024e
Revenue	131.7	253.3	302.6	348.0	EPS (reported)	0.03	0.03	0.02	0.03
EBITDA	16.7	30.4	24.7	29.3	EPS (adj.)	0.03	0.04	0.03	0.03
EBIT	15.6	25.7	19.1	24.8	OCF / share	0.02	0.02	0.03	0.03
PTP	15.6	25.3	16.8	23.0	FCF / share	0.02	0.08	0.03	0.02
Net Income	11.8	23.3	15.9	20.6	Book value / share	0.06	0.26	0.27	0.29
Extraordinary items	0.0	-1.5	-2.0	-0.9	Dividend / share	0.00	0.01	0.01	0.01
Balance sheet	2021	2022	2023e	2024e	Growth and profitability	2021	2022	2023e	2024e
Balance sheet total	53.7	259.1	265.4	288.5	Revenue growth-%	0%	92%	19%	15%
Equity capital	26.7	180.4	191.4	206.3	EBITDA growth-%		82%	-19%	19%
Goodwill	0.0	121.2	121.2	121.2	EBIT (adj.) growth-%		74%	-22%	22%
Net debt	-5.8	7.0	-1.1	-10.7	EPS (adj.) growth-%		23%	-28%	20%
Cash flow	2021	2022	2023e	2024e	EBITDA-%	12.7 %	12.0 %	8.2 %	8.4 %
EBITDA	16.7	30.4	24.7	29.3	EBIT (adj.)-%	11.9 %	10.7 %	7.0 %	7.4 %
Change in working capital	-4.7	-17.2	-4.3	-5.4	EBIT-%	11.8 %	10.2 %	6.3 %	7.1 %
Operating cash flow	8.8	12.9	19.5	21.4	ROE-%	47.0 %	22.6 %	8.6 %	10.4 %
CAPEX	-2.4	-144.7	-4.2	-4.4	ROI-%	51.7 %	22.2 %	8.9 %	11.3 %
Free cash flow	6.4	58.3	20.9	17.0	Equity ratio	49.7 %	69.6 %	72.1 %	71.5 %
Valuation multiples	2021	2022	2023e	2024e	Gearing	-21.7 %	3.9 %	-0.6 %	-5.2 %
EV/S	2.7	2.5	1.4	1.2					
EV/EBITDA (adj.)	21.1	20.5	17.4	14.4					
EV/EBIT (adj.)	22.7	22.9	20.4	16.4					
P/E (adj.)	29.9	24.8	24.9	20.7					
P/B	13.5	3.4	2.3	2.2					
Dividend-%	0.0 %	0.8 %	1.3 %	1.6 %					

Source: Inderes

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## Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
4/25/2023	Reduce	0.70 €	0.71 €
5/15/2023	Reduce	0.70 €	0.67 €
7/28/2023	Reduce	0.70 €	0.73 €
8/11/2023	Reduce	0.55 €	0.62 €
8/28/2023	Sell	0.55 €	0.63 €



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