

Sitowise

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Kasvua saadaan aikaan” published on 02/28/2023 at 06:41 pm.

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Achieving growth

We reiterate our Accumulate recommendation for Sitowise and revise our target price to EUR 5.40 (was EUR 5.50) after the company's Q4 result. The report for the final quarter of the year was in line with our expectations. The outlook appears good for growing business areas, although inflation and a slowdown in construction are adding to uncertainty in certain areas. In line with the new strategy and guidance, the focus this year seems to be on long-term development rather than short-term profitability optimization. However, we believe there is room for improvement in valuation given Sitowise's potential and current performance level.

Year ended as expected

Sitowise's net sales grew by 14% year-on-year to ca. EUR 58 million, with growth slowing down slightly towards the end of the year. Adjusted EBITA was below the level of the comparison period at EUR 5.3 million (Q4' 21: 5.6 MEUR), but slightly above our expectations (5.1 MEUR). Higher costs due to inflation and growth incentives are taking their toll on profitability, while the weak housing market has also led to delays in projects.

With its Q4 report, Sitowise also announced its strategy for 2023-2025, in which the main guidelines and financial targets remained unchanged. Sitowise continues to seek growth in both Finland and Sweden in both building and infrastructure design and digital solutions. Growth has been good, but profitability is currently far from the target. However, we see the target as achievable once the more challenging market conditions ease and the company's Voima platform processes are effectively rolled out across the company.

Significant margin improvement left for the coming years

In its guidance, Sitowise expects net sales to grow in 2023 in euros, with an adjusted EBITA margin at around the 2022 level (2022: 10.0%). The guidance foresees demand remaining reasonably stable in Sweden, but uncertainty in the Finnish construction market increasing the risk of a slowdown. However, the order book, which is growing at around 12%, supports the growth outlook. The margin level indicated by the guidance slightly lowered our projections for 2023, but otherwise our revisions were small. We now expect net sales in 2023 to grow by around 6% to EUR 217 million, supported by inorganic growth. We expect adjusted EBITA to increase by 8% to EUR 22.1 million and the margin to be 10.2% (2022: 10.0%). After 2023, we see organic growth picking up again (22-26e: 5%) and earnings growth to strengthen significantly (EPS growth of 22-26: 25% CAGR). There is a risk of a clear decline in market demand and thus billable utilization, and of inflationary pressures continuing longer than expected.

Upside potential for the stock based on several metrics

Sitowise's valuation is already reasonable at the 2022 realized result (2022: adj. EV/EBITDA: 11x, adj. P/E: 15x) and drops to a more attractive level in 2023 (EV/EBITDA: 9x, P/E: 15x). Compared to the lower end of our acceptable valuation range (EV/EBITDA: 10-12x, P/E: 16-20x) the share would offer an upside of over 10%. Compared to the peer group, the company is some 10% below its peers for the current year, when based on historical performance we believe a premium (+10%) should be accepted for Sitowise. The value of our DCF calculation (EUR 5.7) is also higher than the current share price, which supports our recommendation.

Recommendation

Accumulate

(previous Accumulate)

EUR 5.40

(previous EUR 5.50)

Share price:

4.89



Key figures

	2022	2023e	2024e	2025e
Revenue	204.4	217.5	228.6	238.9
growth-%	14%	6%	5%	4%
EBIT adj.	17.5	18.0	23.8	26.5
EBIT-% adj.	8.5 %	8.3 %	10.4 %	11.1 %
Net Income	7.8	11.9	16.5	18.6
EPS (adj.)	0.34	0.33	0.46	0.52

P/E (adj.)	15.0	14.6	10.5	9.3
P/B	1.6	1.4	1.3	1.2
Dividend yield-%	1.9 %	2.5 %	2.9 %	3.7 %
EV/EBIT (adj.)	15.4	13.9	9.9	8.3
EV/EBITDA	11.3	8.8	6.9	6.1
EV/S	1.3	1.1	1.0	0.9

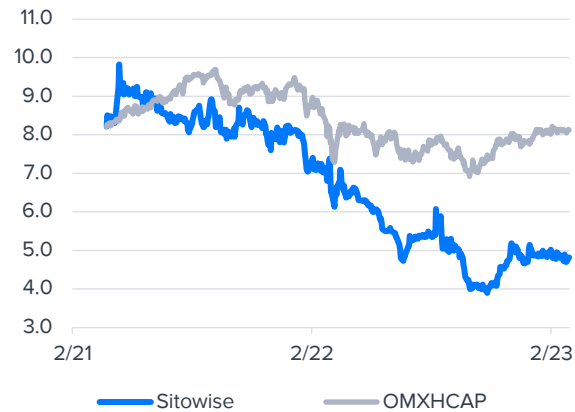
Source: Inderes

Guidance

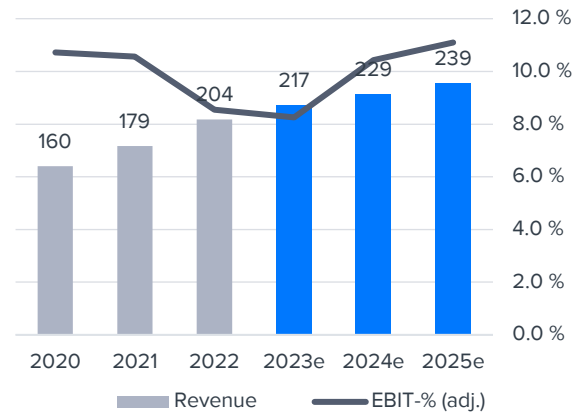
(New guidance)

Sitowise Group estimates that its net sales in euros will increase (2022: 204 MEUR), and that its adjusted EBITA margin (%) will be broadly at the same level as the adjusted EBITA margin of 2022. 10.0%).

Share price



Revenue and EBIT %



EPS and dividend



Value drivers

- Faster organic growth than market growth and acquisitions
- Maintaining high profitability
- Expansion into Nordic countries
- Extending the offering
- Strong cash flow and low investment need
- Efficient and fragmented business model, as well as digitalization expertise create competitive advantage
- Increasing share of consulting and planning in construction value chain supported by megatrends
- Opportunities created by sustainable development regulation



Risk factors

- Cyclicity of the underlying construction market
- Sustainably maintaining high profitability levels
- Weakening of the market after good years
- Challenges created by Nordic expansion and a new market
- Failure in acquisitions
- Dependency on personnel and adequacy of incentives for key personnel

Valuation	2023e	2024e	2025e
Share price	4.89	4.89	4.89
Number of shares, millions	35.5	35.5	35.5
Market cap	174	174	174
EV	250	236	221
P/E (adj.)	14.6	10.5	9.3
P/B	1.4	1.3	1.2
EV/Sales	1.1	1.0	0.9
EV/EBITDA	8.8	6.9	6.1
EV/EBIT (adj.)	13.9	9.9	8.3
Payout ratio (%)	35.8 %	30.2 %	35.0 %
Dividend yield-%	2.5 %	2.9 %	3.7 %

Source: Inderes

Developments in line with expectations

Net sales are growing well

Sitowise's net sales grew by 14% year-on-year to ca. EUR 58 million, with growth slowing down slightly towards the end of the year. Most of the growth is explained by acquisitions made by the company, but organic net sales also grew by 5% in Q3. By business line Digital Solutions (+39%) continued to show strong growth and in Sweden the growth in net sales (21%) was supported the market being stronger than in Finland. Growth in the Buildings business (+7%) and the Infrastructure business (9%) was weaker, but we estimate that it is even stronger than market growth. The order book remained at a strong level of EUR 181 million, up 12% year-on-year, improving the growth outlook for the near future.

Profitability deteriorated as expected

Adjusted EBITA was below the level of the comparison period at EUR 5.3 million (Q4' 21: 5.6

MEUR), but slightly above our expectations (5.1 MEUR). The EBITA margin fell to a low level by the company's standards at 9.2% (Q4'21: 11.1%). Higher costs due to inflation and growth incentives are taking their toll on profitability, while the weak housing market has also led to delays in projects. In addition, the lower number of hours worked and increased sickness absences during the quarter reduced the billing rate, which impacted the result. Even based on profitability, invoicing rate was lower in Q4 (76.3%) than in the comparison period (76.9%). Improving the invoicing rate is essential to restore profitability to the company's target level of at least 12% (EBITA-%). The figures reported in the bottom rows were slightly lower than our estimates due to adjustment items. The dividend proposal was also slightly below our expectations (EUR 0.10 vs. EUR 0.12 estimate), but we believe it's more important for investors to allocate capital to growth investments

given the development stage of Sitowise's business.

Guidance foresees growth, but a steady margin

Sitowise expects net sales to grow in 2023 in euros, with an adjusted EBITA margin at around the 2022 level (2022: 10.0%). The guidance foresees demand remaining reasonably stable in Sweden, but uncertainty in the Finnish construction market increasing the risk of a slowdown. However, the order book, which is growing at around 12%, support the growth outlook together with M&A. However, the number of acquisitions has also declined over the past year, leaving much to be done through organic growth. In terms of profitability, inflationary pressures (wage pressures) and a weak market for Buildings still weigh on profitability, but we estimate that resources should be better deployed this year (better invoicing rates) if the market situation remains unchanged.

Estimates	Q4'21	Q4'22	Q4'22e	Q4'22e	Consensus	Difference (%)	2022
MEUR / EUR	Comparator	Actualized	Inderes	Consensus	Low High	Act. vs. inderes	Tot.
Revenue	50.5	57.6	54.9	56.0	- - -	5%	204
EBITA (oik.)	5.6	5.3	5.1	4.6	- - -	4%	20.4
EBIT	4.6	3.8	4.0	-	- - -	-5%	13.2
PTP	3.7	3.0	3.4	4.0	- - -	-12%	10.3
EPS (reported)	0.08	0.07	0.08	0.09	- - -	-13%	0.22
DPS	0.10	0.10	0.12	-	- - -	-17%	0.10
Revenue growth-%	19.0 %	14.2 %	8.8 %	10.9 %	-	5.4 pp	14.0 %
EBITA-% (oik.)	11.1 %	9.2 %	9.3 %	8.2 %	-	-0.1 pp	10.0 %

Source: Inderes & Bloomberg (consensus)

Strategy 2023-2025

Strategy 2023-2025 is based on innovation, responsibility and efficiency

Sitowise also announced its strategic guidelines for 2023-2025. Sitowise continues to seek growth in both Finland and Sweden in its existing businesses in both building and infrastructure design and digital solutions. The growth and demand for Sitowise is supported by urbanization, rising repair debt, the importance of sustainability and responsibility, and the rise of digitalization and technology.

Sitowise highlighted three key themes for its strategy period:

Most innovative: Sitowise will continue to develop innovation in the sector through its own The Smart City Lab. According to Sitowise, The Smart City Lab is a platform that pulls together Sitowise's innovation activities and enables a creative culture that serves customer needs and generates new business.

Most responsible: Responsibility and sustainability are at the core of Sitowise's business. According to the company, it is being developed from three perspectives: 1) identifying and developing the sustainability impacts of your current business, 2) creating new business based on sustainability, and 3) investing in sustainability of your own operations.

Most efficient: Sitowise will continue to maintain and develop its own systems and its Voima platform to take the efficiency of the company as a whole to new levels.

In addition to the key themes, Sitowise has identified six focus areas through which the strategy will be implemented:

- Creating new smart services
- Accelerating growth in Sweden
- Expanding the Digital Solutions business
- Becoming a thought leader for sustainable development
- The best-known and most sought-after employer
- Smartest practices

Financial targets unchanged

Sitowise's long-term financial targets and dividend policy remained unchanged:

Growth: Annual net sales growth of more than 10 %, including acquisitions

Profitability: Adjusted EBITA margin of at least 12 %

Leverage: Net debt / adjusted EBITDA should not exceed 2.5x, except temporarily in conjunction with acquisitions

Dividend policy:

Sitowise aims to pay an annual dividend to its shareholders equivalent to 30-50% of net profit.

The strategy relies heavily on sustainable themes

Sitowise's strategy is largely based on the same sustainable themes as the previous strategy, especially from an investor's perspective. However, given the megatrends, we believe that strengthening sustainability and responsibility businesses is also an interesting opportunity for investors, even though all businesses already support this partially. Growth will continue at the same pace (+10% including acquisitions), especially in Digital Solutions and in the

more stable Swedish market. Developing new smart services or digital SaaS solutions as part of the company's offering also brings continuity and decentralization to the company's core businesses (Buildings and Infrastructure). However, they still account for a small share and are not significant for the company as a whole. Profitability is also currently far from the target level, but we see it as highly achievable once the more challenging market conditions ease and the Voima platform processes are effectively rolled out across the company. More on the strategy will be announced at the company's summer Capital Markets Day.

Downward revisions in estimates

Growth remains good in our estimates

We lowered our EBIT estimates slightly based on the report and guidance. The adjustment items added to the estimates for the current year reduced the reported figures by more than this. We expect net sales to grow by 6% to around EUR 217 million. Organic growth is supported by the company's expanded offering and good long-term market trends, as well as an increase in the consultation penetration rate and Sitowise's digitalization expertise. Organic growth is, however, slowed down by the postponement and uncertainty of construction investments, especially in the early part of the year. Acquisitions are expected to support growth by around EUR 9 million in 2023. On this basis, we forecast organic growth at around 2%.

With the gradual easing of market challenges (inflation, uncertainty related to construction), better use of resources, depreciation of front-loaded growth costs and improved invoicing rates, we expect operational performance to strengthen in 2023, but still very moderately. We predict that the adjusted EBITA for 2023 will rise to EUR 22.1 million and that the margin will be 10.2% (2022: 10.0%).

For 2024, we see growth slowing to 4%, but we stress that it will be entirely organic. In other words, we see the market picking up and offering much better opportunities for organic growth. M&A activity is also likely to increase during 2023 if the market and the company's operational performance develop in the right direction. This would further strengthen growth. However, we don't include potential future acquisitions in our models because of their low predictability. On the bottom line, we see the impact

of cost pressures easing further and the company returning closer to its historical levels with better resource management in a better market.

In the longer term, we expect the company's growth to be at a good level (22-26e: 5%) in line with targets (+10% incl. acquisitions) and in line with both consolidation and penetration trends. The market is still very fragmented, which supports M&A activity. In addition, the share of consulting has room for growth compared to the rest of the market, in line with strong megatrends. We expect earnings growth to be strong as margins return closer to the 12% level (EPS growth 22-26: 25% CAGR).

Estimate revisions	2022	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	202	204	1%	215	217	1%	225	229	1%
EBITA (oik.)	20.1	20.4	1%	23.2	22.1	-5%	25.6	25.6	0%
EBITA	16.0	16.1	0%	23.2	20.9	-10%	25.6	25.6	0%
PTP	10.7	10.3	-4%	17.1	15.0	-12%	19.5	20.7	6%
EPS (excl. NRIs)	0.35	0.34	-1%	0.38	0.33	-13%	0.44	0.46	5%

Expected return is attractive

Acceptable valuation

Our acceptable valuation level mirrors the company's Nordic peers and their historical valuation. When looking at Sitowise's valuation, the company's historical performance, strong willingness to grow and better profitability than among peers should be noted. Our acceptable valuation range for Sitowise is P/E 16-20x and EV/EBITDA: 10-12x.

We are relying on the lower end of our acceptable range due to increased market risks. Uncertainty about the final effects of the market situation also increases the risks for Sitowise. In addition, although consulting and design companies are valued higher than average on the stock exchange, the quality and performance of the company is already well reflected in our range. To support the valuation, the company's performance should improve in the coming years towards its previous levels. If the performance remains below targets and estimates, there may be downside potential for the multiples.

Absolute multiples

The valuation of Sitowise is already reasonable at 2022 actual earnings (2022: adj. EV/EBITDA: 11x, adj. P/E: 15x) and drops to a more attractive level in 2023 (EV/EBITDA: 8x, P/E: 13x). Compared to the lower end of our acceptable valuation range (EV/EBITDA: 10-12x, P/E: 16-20x), the stock would have clear upside potential. The dividend yield is moderate at current levels of 2-3%, slightly supporting the expected return.

Peer group valuation

The valuation of the peer group has leveled off after a rapid decline. The 2023 median valuations of the peers (P/E: 17x, EV/EBITDA: 10x) have, however,

remained highish and are well above Sitowise. Sitowise is currently valued 20% below the peers in 2023. We believe it is justified to price Sitowise below the peer group (+10%), due to the combination of historical profitability and future growth, which would indicate a clear upside in the current valuation.

DCF valuation

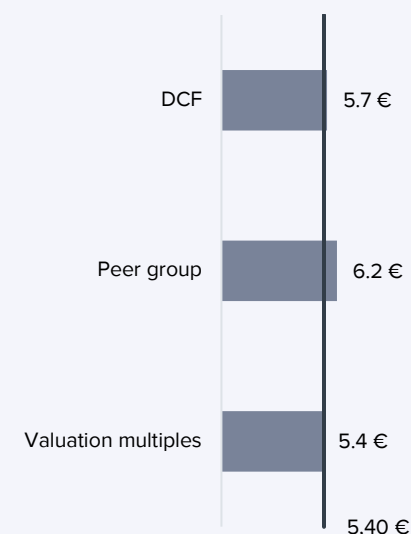
We also use DCF in the valuation. The value indicated by the DCF (EUR 5.7) is higher than the current share price and our target price. However, due to the company's acquisition-driven growth, our organic growth-based estimates do not necessarily give the best picture of the company's valuation.

In our model, the company's net sales growth stabilizes at 1% in the terminal period after stronger medium-term growth, and the EBIT margin is 10.0% of net sales. The average cost of capital (WACC) used is 8.4% and the cost of equity is 10.8%. The level of required return is already low, although we have raised it slightly as market risks have grown. However, we consider the risks smaller than those of companies in, e.g., the construction sector, which justifies a lower level of required return.

Valuation	2023e	2024e	2025e
Share price	4.89	4.89	4.89
Number of shares, millions	35.5	35.5	35.5
Market cap	174	174	174
EV	250	236	221
P/E (adj.)	14.6	10.5	9.3
P/B	1.4	1.3	1.2
EV/Sales	1.1	1.0	0.9
EV/EBITDA	8.8	6.9	6.1
EV/EBIT (adj.)	13.9	9.9	8.3
Payout ratio (%)	35.8 %	30.2 %	35.0 %
Dividend yield-%	2.5 %	2.9 %	3.7 %

Source: Inderes

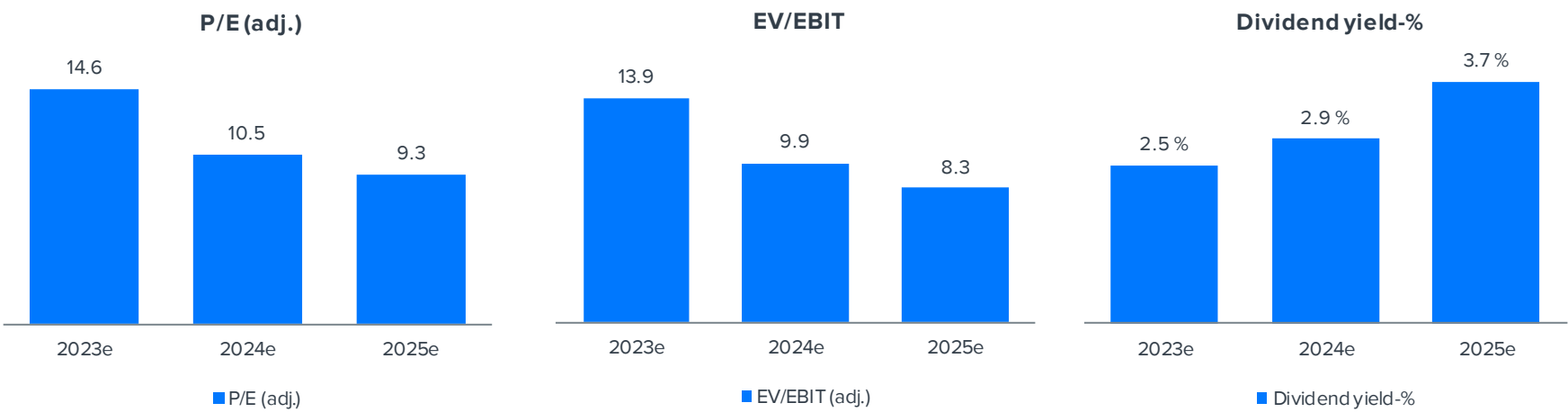
Target price formation



Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price				8.05	5.14	4.89	4.89	4.89	4.89
Number of shares, millions				35.4	35.5	35.5	35.5	35.5	35.5
Market cap				285	182	174	174	174	174
EV				345	268	250	236	221	206
P/E (adj.)				27.4	15.0	14.6	10.5	9.3	8.8
P/B				2.5	1.6	1.4	1.3	1.2	1.1
EV/Sales				1.9	1.3	1.1	1.0	0.9	0.8
EV/EBITDA				13.3	11.3	8.8	6.9	6.1	5.6
EV/EBIT (adj.)				18.2	15.4	13.9	9.9	8.3	7.4
Payout ratio (%)				45.2 %	45.2 %	35.8 %	30.2 %	35.0 %	37.0 %
Dividend yield-%				1.2 %	1.9 %	2.5 %	2.9 %	3.7 %	4.2 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Sweco AB	4055	4381	19.6	18.0	14.4	13.4	24.1	22.1	2.3	2.4	4.1
Rejlers AB	290	325	15.1	13.5	8.5	7.9	16.2	14.5	2.7	3.0	2.0
WSP Global Inc	14900	17588	22.4	19.5	14.1	13.0	26.9	23.4	0.9	0.9	3.3
Solwers Oyj		72	16.0	14.0	10.0	9.0					
Etteplan Oyj	355	426	18.0	12.7	8.3	7.8	15.9	14.5	3.1	3.5	3.0
Arcadis NV	3629	4619	12.8	11.4	9.3	8.6	15.4	13.5	2.5	2.7	2.9
Sitowise (Inderes)	174	250	13.9	9.9	8.8	6.9	14.6	10.5	2.5	2.9	1.4
Average			17.3	14.9	10.8	10.0	19.7	17.6	2.3	2.5	3.1
Median			17.0	13.8	9.6	8.8	16.2	14.5	2.5	2.7	3.0
Diff-% to median			-18%	-28%	-8%	-22%	-10%	-27%	0%	5%	-53%

Source: Refinitiv / Inderes. NB: The market cap Inderes uses does not consider own shares held by the company.

Income statement

Income statement	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	2024	2025	2026
Revenue	160.1	179.3	49.2	51.7	45.9	57.6	204.4	52.2	53.3	50.0	62.0	217.5	228.6	238.9	248.4
EBITDA	26.3	25.8	5.4	5.2	6.5	6.7	23.8	6.6	6.7	7.0	8.0	28.3	34.2	36.2	36.9
Depreciation	-8.0	-9.4	-2.5	-2.5	-2.7	-2.9	-10.6	-2.6	-2.6	-2.6	-2.7	-10.4	-10.4	-9.6	-9.0
EBITA (adj.)	20.6	21.1	5.2	4.9	4.9	5.3	20.4	5.1	5.2	5.4	6.4	22.1	25.6	28.3	29.7
EBITA	19.5	18.6	3.5	3.3	4.5	4.7	16.1	4.8	4.9	5.1	6.1	20.9	25.6	28.3	29.7
EBIT	18.3	16.4	2.9	2.7	3.7	3.8	13.2	4.1	4.2	4.4	5.3	18.0	23.8	26.5	27.9
Net financial items	-2.4	-6.1	-1.4	-0.3	-0.4	-0.7	-2.9	-0.9	-0.6	-0.6	-0.9	-3.0	-3.2	-3.2	-3.2
PTP	15.9	10.3	1.5	2.4	3.3	3.0	10.3	3.2	3.6	3.8	4.4	15.0	20.7	23.4	24.8
Taxes	-3.2	-2.4	-0.4	-0.8	-0.5	-0.6	-2.4	-0.6	-0.7	-0.8	-0.9	-3.0	-4.1	-4.7	-5.0
Minority interest	-0.1	-0.1	0.0	-0.1	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1
Net earnings	12.6	7.8	1.1	1.5	2.8	2.4	7.8	2.5	2.8	3.0	3.5	11.9	16.5	18.6	19.7
EPS (adj.)	0.33	0.29	0.08	0.09	0.09	0.08	0.34	0.07	0.08	0.08	0.10	0.33	0.46	0.52	0.55
EPS (rep.)	0.36	0.22	0.03	0.04	0.08	0.07	0.22	0.07	0.08	0.08	0.10	0.33	0.46	0.52	0.55

Key figures	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	2024	2025	2026
Revenue growth-%	11.9 %	12.0 %	15.0 %	11.2 %	16.0 %	14.1 %	14.0 %	6.1 %	3.0 %	8.9 %	7.7 %	6.4 %	5.1 %	4.5 %	4.0 %
Adjusted EBITA growth-%		2.4 %	10.8 %	-17.0 %	0.6 %	-5.2 %	-3.6 %	-2.5 %	5.3 %	9.6 %	21.2 %	8.5 %	15.7 %	10.4 %	5.0 %
Adjusted EBITA-%	12.9 %	11.8 %	10.6 %	9.5 %	10.7 %	9.2 %	10.0 %	9.8 %	9.7 %	10.8 %	10.4 %	10.2 %	11.2 %	11.8 %	11.9 %

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	177	202	200	198	196
Goodwill	135	158	158	158	158
Intangible assets	7.5	10.2	7.3	4.4	2.6
Tangible assets	31.4	31.8	32.4	32.9	33.0
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	1.1	0.9	0.9	0.9	0.9
Current assets	72.7	78.3	79.3	96.9	115
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	53.3	62.9	65.2	68.6	71.7
Cash and equivalents	19.4	15.4	14.0	28.4	43.4
Balance sheet total	250	281	279	295	311

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	115	117	125	137	151
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	18.8	23.4	31.8	44.0	57.6
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.3	0.3	0.3	0.3	0.3
Other equity	95.5	92.8	92.8	92.8	92.8
Minorities	0.2	0.3	0.3	0.3	0.3
Non-current liabilities	72.6	94.6	81.6	81.6	81.6
Deferred tax liabilities	1.6	1.6	1.6	1.6	1.6
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	71.0	93.0	80.0	80.0	80.0
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	62.3	69.2	72.5	75.6	78.5
Short term debt	7.6	7.9	10.0	10.0	10.0
Payables	51.0	59.6	60.9	64.0	66.9
Other current liabilities	3.7	1.6	1.6	1.6	1.6
Balance sheet total	250	281	279	295	311

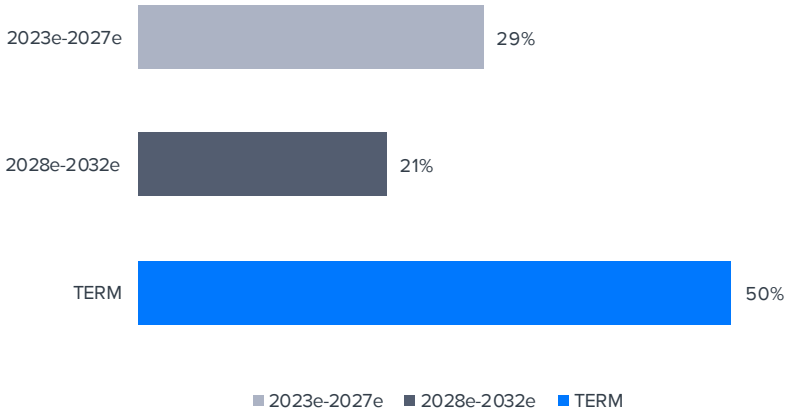
DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	14.0 %	6.4 %	5.1 %	4.5 %	4.0 %	3.0 %	4.0 %	2.5 %	2.0 %	2.0 %	1.0 %	1.0 %
EBIT-%	6.4 %	8.3 %	10.4 %	11.1 %	11.2 %	11.0 %	10.5 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %
EBIT (operating profit)	13.2	18.0	23.8	26.5	27.9	28.1	27.9	27.3	27.9	28.5	28.8	
+ Depreciation	10.6	10.4	10.4	9.6	9.0	8.6	8.3	8.2	8.1	8.1	8.0	
- Paid taxes	-2.2	-3.0	-4.1	-4.7	-5.0	-5.0	-5.0	-4.9	-5.0	-5.1	-5.2	
- Tax, financial expenses	-0.7	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	
+ 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	-3.0	-1.1	-0.2	-0.2	-0.2	-0.1	-0.2	-0.1	-0.1	-0.1	-0.1	
Operating cash flow	17.9	23.6	29.2	30.6	31.1	30.9	30.5	29.9	30.3	30.7	31.0	
+ Change in other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-36.1	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	
Free operating cash flow	-18.2	15.6	21.2	22.6	23.1	22.9	22.5	21.9	22.3	22.7	23.0	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-18.2	15.6	21.2	22.6	23.1	22.9	22.5	21.9	22.3	22.7	23.0	316
Discounted FCFF		14.6	18.3	18.0	17.0	15.6	14.1	12.6	11.9	11.2	10.5	143
Sum of FCFF present value		287	273	254	236	219	204	190	177	165	154	143
Enterprise value DCF		287										
- Interesting bearing debt		-101.0										
+ Cash and cash equivalents		15.4										
-Minorities		-0.4										
-Dividend/capital return		0.0										
Equity value DCF		201										
Equity value DCF per share		5.7										

Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	25.0 %
Cost of debt	3.0 %
Equity Beta	1.40
Market risk premium	4.75%
Liquidity premium	1.20%
Risk free interest rate	2.5 %
Cost of equity	10.4 %
Weighted average cost of capital (WACC)	8.4 %

Source: Inderes

Cash flow distribution



Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	160.1	179.3	204.4	217.5	228.6	EPS (reported)	0.36	0.22	0.22	0.33	0.46
EBITDA	26.3	25.8	23.8	28.3	34.2	EPS (adj.)	0.33	0.29	0.34	0.33	0.46
EBIT	18.3	16.4	13.2	18.0	23.8	OCF / share	0.79	0.50	0.50	0.66	0.82
PTP	15.9	10.3	10.3	15.0	20.7	FCF / share	-0.15	-0.23	-0.51	0.44	0.60
Net Income	12.7	7.8	7.8	11.9	16.5	Book value / share	1.90	3.24	3.29	3.52	3.86
Extraordinary items	1.1	-2.6	-4.3	0.0	0.0	Dividend / share	0.00	0.10	0.10	0.12	0.14
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	221.5	249.8	280.7	279.3	294.7	Revenue growth-%	12%	12%	14%	6%	5%
Equity capital	66.9	114.9	116.9	125.2	137.4	EBITDA growth-%	36%	-2%	-8%	19%	21%
Goodwill	118.1	135.2	157.6	157.6	157.6	EBIT (adj.) growth-%	130%	10%	-8%	3%	33%
Net debt	86.5	59.3	85.6	76.0	61.6	EPS (adj.) growth-%	144%	-10%	16%	-2%	38%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	16.4 %	14.4 %	11.6 %	13.0 %	15.0 %
EBITDA	26.3	25.8	23.8	28.3	34.2	EBIT (adj.)-%	10.7 %	10.6 %	8.5 %	8.3 %	10.4 %
Change in working capital	2.1	-3.2	-3.0	-1.1	-0.2	EBIT-%	11.4 %	9.1 %	6.4 %	8.3 %	10.4 %
Operating cash flow	27.9	17.7	17.9	23.6	29.2	ROE-%	20.4 %	8.6 %	6.8 %	9.9 %	12.6 %
CAPEX	-33.1	-25.8	-36.1	-8.0	-8.0	ROI-%	11.7 %	9.0 %	6.4 %	8.3 %	10.8 %
Free cash flow	-5.1	-8.2	-18.2	15.6	21.2	Equity ratio	30.2 %	46.0 %	41.6 %	44.8 %	46.6 %
						Gearing	129.3 %	51.6 %	73.2 %	60.7 %	44.9 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	0.5	1.9	1.3	1.1	1.0						
EV/EBITDA (adj.)	3.3	13.3	11.3	8.8	6.9						
EV/EBIT (adj.)	5.0	18.2	15.4	13.9	9.9						
P/E (adj.)	0.0	27.4	15.0	14.6	10.5						
P/B	0.0	2.5	1.6	1.4	1.3						
Dividend-%		1.2 %	1.9 %	2.5 %	2.9 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
3/29/2021	Reduce	8.60 €	8.50 €
5/20/2021	Accumulate	9.30 €	8.78 €
8/26/2021	Accumulate	9.30 €	8.27 €
11/11/2021	Accumulate	9.30 €	8.33 €
3/3/2022	Accumulate	7.60 €	6.50 €
5/4/2022	Accumulate	7.20 €	6.05 €
5/19/2022	Buy	7.20 €	5.74 €
8/18/2022	Accumulate	6.50 €	5.50 €
10/27/2022	Buy	5.50 €	3.90 €
11/2/2022	Buy	5.50 €	4.15 €
11/29/2022	Accumulate	5.50 €	4.75 €
3/1/2023	Accumulate	5.40 €	4.89 €



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