

Componenta Oyj

Company report

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Erkki Vesola
+358 50 549 5512
erkki.vesola@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report "Menossa suotuisaan suuntaan" published on 3/3/2024 at 5:02 pm EET

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Moving in a favorable direction

Componenta's Q4 numbers were naturally in line with those issued in connection with the profit warning. The 2024 guidance was loosely positive and there are positive signs in the operating environment. Our forecast changes are minimal. We continue to consider the valuation level of the share unjustifiably low and reiterate our Buy recommendation and EUR 3.00 target price.

No surprises in Q4 figures

The reasons behind Componenta's Q4 revenue decrease (-28% y/y) were 1) the weakened development of main customers' own order backlog and destocking, and 2) the declining price indices of material and energy costs. Q4 EBITDA (margin -2.5%) was in addition to the low basic volume burdened by the ramp-up of new products for large-scale production. As the ramp-up takes place in the same production lines as the old products are manufactured it resulted in quality and productivity problems and rising costs. In addition, Componenta said that the cost adjustments for the whole H2'23 concerned variable costs and not fixed costs, as the company expects to grow again in 2024. Depreciation was slightly lower than expected and financing costs were higher, so EPS was at the level we expected. No dividend is being proposed, as we anticipated.

Activity increases in H2'24

Componenta's guidance is that 2024 revenue and EBITDA will improve from the previous year. The improvement focuses clearly on H2'24. According to the company, the lower order book and volume of Q4'23 continued in Q1'24. Some of the customers have closed some factories, but from week 10 onwards, the order book is expected to improve. Componenta stated that the customer outlook for 2024 is fundamentally optimistic and better than six months ago. Customers' production plans are also rising toward H2'24, so the bottom has probably been passed. As we expect a decrease in equipment revenue for many engineering companies in 2024, Componenta must grow faster than its customers. This is possible as the company estimates that its market share in customers has grown and new sales have also been successful, which the ramp-up of new products suggests. Our forecast changes for 2024-2025 are minimal. From 2024 we now expect a +4% (+6%) y/y revenue growth and an EBITDA margin of 8.1% (-8.0%). The profitability improvement from last year is realistic if the company avoids a recurrence of the one-off factors that depressed the Q3-Q4'23 result.

Valuation is still unduly low

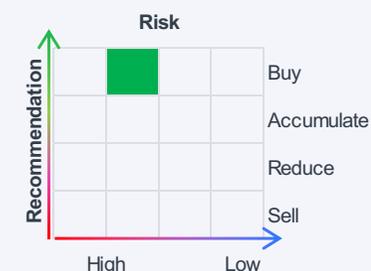
The expected total return of Componenta's stock is well above the required return with EV/EBITDA-based calculation for 2024-2025. In the calculation based on 2024 forecasts, the total return is +30% p.a., which is well above the ROE requirement of 12%. Calculations based on EV/EBIT or P/E ratios give an unnecessarily negative picture of the return potential due to Componenta's temporarily disproportionately low EBIT and EPS figures compared to EBITDA. Relative to peers, the valuation multiples are skewed by the same factors: the 2024 EV/EBITDA ratio is at a -52% discount to the median of the peers, but the EV/EBIT and P/E ratios are at a premium. We also find EV/EBITDA to be a more meaningful benchmark in the current situation in peer group valuation, and based on it the unduly high valuation discount of Componenta's stock is obvious. Our DCF model indicates an upside of +46% for Componenta's share.

Recommendation

Buy
(previous Buy)

EUR 3.00
(previous EUR 3.00)

Share price:
2.32



Key figures

	2023	2024e	2025e	2026e
Revenue	101.8	106.3	111.3	117.0
growth-%	-7%	4%	5%	5%
EBIT adj.	-0.4	2.5	4.0	5.6
EBIT-% adj.	-0.4 %	2.4 %	3.6 %	4.8 %
Net Income	1.5	0.9	2.5	4.2
EPS (adj.)	-0.27	0.09	0.26	0.43
P/E (adj.)	neg.	25.0	9.1	5.4
P/B	0.9	0.9	0.8	0.7
Dividend yield-%	0.0 %	2.2 %	4.3 %	6.5 %
EV/EBIT (adj.)	neg.	12.3	7.3	4.8
EV/EBITDA	6.0	3.7	3.0	2.4
EV/S	0.3	0.3	0.3	0.2

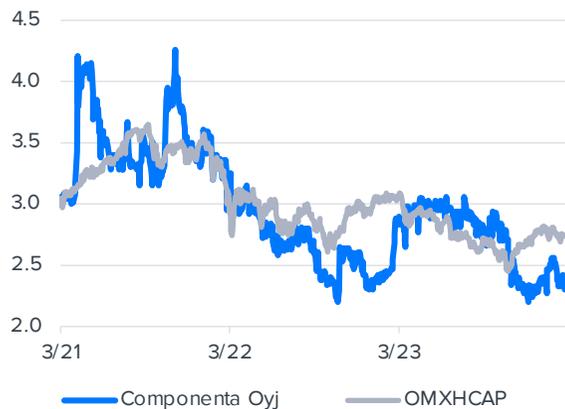
Source: Inderes

Guidance

(New guidance)

Componenta expects the Group's revenue and EBITDA for 2024 to improve from the previous year. The annual improvement is expected to focus clearly on H2'24.

Share price



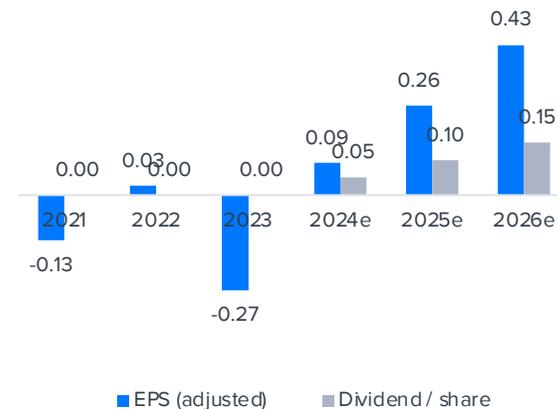
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Customer sector risk highly diversified
- Long-term customer relationships with global OEMs
- Customer-initiated repatriation of supply chains
- Cost changes can be quickly transferred to own prices
- Valuation has a lot of historical baggage



Risk factors

- Traditionally low-margin sector
- Customer sectors individually cyclical
- One big customer dependency

Valuation	2024e	2025e	2026e
Share price	2.32	2.32	2.32
Number of shares, millions	9.71	9.71	9.71
Market cap	23	23	23
EV	31	30	27
P/E (adj.)	25.0	9.1	5.4
P/E	25.0	9.1	5.4
P/B	0.9	0.8	0.7
P/S	0.2	0.2	0.2
EV/Sales	0.3	0.3	0.2
EV/EBITDA	3.7	3.0	2.4
EV/EBIT (adj.)	12.3	7.3	4.8
Payout ratio (%)	53.8 %	39.2 %	35.0 %
Dividend yield-%	2.2 %	4.3 %	6.5 %

Source: Inderes

No surprises in Q4 figures

Key figures were already known

Componenta's Q4 numbers were naturally in line with those issued in connection with the profit warning. No dividend is proposed as expected.

Customers' volume deficit was reflected in revenue

Componenta's Q4 revenue decrease (-28% y/y) was a given simply based on the order backlog at the beginning of the quarter (orders confirmed for customers for the next two months) being 28% lower than one year earlier. The reasons for the low revenue were 1) the weakened development of main customers' own order backlog and destocking, and 2) the declining price indices of material and energy costs, which affect Componenta's own sales prices with a delay of one quarter. In the revenue of the main customer groups the biggest drop was seen in agricultural and forestry machines. For H2'23 as a

whole, the revenue of this group decreased by 39% y/y. We also estimate that the drop in material and energy prices cut Q4's revenue by 7% y/y. However, Componenta's order book started to strengthen from the end of Q3'23 and was 14.5 MEUR (-21% y/y; +7% q/q) at the turn of the year.

A lot of burden in profitability in Q4

Componenta's Q4 EBITDA (margin -2.5%) had been announced in advance. Profitability was burdened not only by the low base volume and, therefore, low capacity utilization, but also by the ramp-up of new products for large series scale production. As the ramp-up takes place in the same production lines as the old products are manufactured and the process is also otherwise sensitive in green sand casting, this resulted in quality and productivity problems, as well as increased costs. Componenta also stressed that

the cost adjustments for the whole H2'23 concerned variable costs rather than fixed costs, as the company expects to grow again in 2024.

Working capital consumed cash flow

Depreciation was slightly lower than expected and financing costs were higher, so EPS was at the level we expected. No dividend is proposed as we anticipated. Operating cash flow in Q4 was -1.6 MEUR mainly due to the increase in net working capital. Simultaneously, the net debt/EBITDA ratio rose to 1.7x, which is, however, still a very safe level.

Estimates MEUR / EUR	Q4'22	Q4'23	Q4'23e	Q4'23e	Consensus		Difference (%)	2023
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Actualized
Revenue	30.1	21.7	20.8				4%	102
EBITDA	2.8	-0.5	-0.5				-3%	5.3
EBIT (adj.)	1.4	-1.9	-2.1				-8%	-0.4
EBIT	1.4	-1.9	-2.1				-8%	3.8
PTP	1.1	-2.5	-2.6				-5%	1.6
EPS (adj.)	0.11	-0.27	-0.27				-1%	-0.27
EPS (reported)	0.11	-0.27	-0.27				1%	0.16
DPS	0.00	0.00	0.00					0.00
Revenue growth-%	19.0 %	-27.9 %	-30.7 %				2.8 pp	-6.7 %
EBIT-% (adj.)	4.7 %	-8.9 %	-10.1 %				1.2 pp	-0.4 %

Source: Inderes

Activity increases in H2'24

Guidance is loose

The 2024 guidance was loosely positive and there are positive signs in the operating environment. Our forecast changes are minimal.

The direction is right in any case

Componenta's guidance is that 2024 revenue and EBITDA will improve from the previous year. The improvement focuses clearly on H2'24. We hoped for numerical guidance from the company, as the comparison level is low. The direction is right in any case.

Eyes directed at H2'24

Componenta's caution in the guidance may be due to revenue and earnings accumulating in the second half of the year. According to the company, the lower order book and volume of Q4'23 continued in Q1'24. Some of the customers have closed some factories,

but from week 10 onwards, the order book is expected to improve. Componenta stated that the customer outlook for 2024 is fundamentally optimistic and better than six months ago. Customers' production plans are rising toward H2'24, so the bottom has probably been passed.

Componenta's expectations seem strongest in mechanical engineering customers (45% of 2023 revenue), energy industry (9%) and defense equipment industry (4%), while in agricultural and forestry machines (37%) development may be more subdued.

Not many forecast changes

As we expect a decrease in equipment revenue for many engineering companies in 2024, Componenta must grow faster than many of its customers. This is possible, however, because the company estimates that its market share in customers has increased and new sales have also been successful, which the

ramp-up of new products suggests.

Our forecast changes for 2024-2025 are minimal. We now expect +4% (was +6%) y/y revenue growth and an EBITDA margin of 8.1% (8.0%) for 2024. The profitability improvement from 2023 is realistic if the company avoids the recurrence of one-off factors that depressed the Q3-Q4'23 result.

The strategy update served a strong growth target

Componenta's strategy update for 2024-2026 included the following financial targets: 1) revenue of 200 MEUR (50 MEUR organic growth and 50 MEUR through M&A transactions) and 2) continuous improvement of profitability from the 2023 level. The revenue growth target is really tough and our forecasts are nowhere near this. However, the profitability target is easier to achieve as volumes grow and the starting level is rather low.

Estimate revisions	2023e	2023	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	101	102	1%	107	106	-1%	111	111	0%
EBITDA	5.3	5.3	0%	8.5	8.6	0%	9.8	9.7	-1%
EBIT (exc. NRIs)	-0.6	-0.4	-29%	2.5	2.5	1%	3.9	4.0	3%
EBIT	3.6	3.8	5%	2.5	2.5	1%	3.9	4.0	3%
PTP	1.4	1.6	9%	0.9	0.9	-2%	2.4	2.5	4%
EPS (excl. NRIs)	-0.28	-0.27	-1%	0.10	0.09	-2%	0.25	0.26	4%
DPS	0.00	0.00		0.05	0.05	0%	0.10	0.10	0%

Source: Inderes

Valuation is still unduly low

Patience still required in H1'24 but the basic positive view remains unchanged

The Q4 report did not change our basic positive view of Componenta's stock. However, investors should be prepared for modest performance in H1'24 and possible disappointments/delays in the expected volume growth in H2'24. The company's strengths, i.e. close relations with prominent customers, clearly improved cost flexibility from previous years, and a fairly strong balance sheet, remain unchanged. Factors typical of the industry, such as the cyclical target market and relatively low basic profitability, are factors on which Componenta has limited influence.

We still consider the current valuation level of the stock unjustifiably low. We maintain our Buy recommendation and EUR 3.00 target price. With the target price, the stock's discount relative to the median of the peers is -42 % with the 2024 EV/EBITDA. We have considered a -25% discount acceptable for Componenta.

Total return is very attractive

According to our calculations, the total expected return on Componenta's share (upside potential based on earnings growth and expected change in valuation multiples plus dividend yield) exceeds the required return clearly with the 2024-2025 EV/EBITDA-based calculations. For example, in a calculation based on 2024 forecasts, the total return is +30% p.a. (price potential +26% and dividend yield +4%), which is well above the ROE requirement of 12%. Calculations based on EV/EBIT or P/E ratios give an unnecessarily negative picture of the return potential (which would be +4...+6% p.a. with 2025 multiples), as these ratios are currently subject to

significant leverage. This is due to Componenta's temporarily disproportionately low EBIT and EPS ratios compared to EBITDA.

It should be noted that in the multiple-based calculation, we have still considered a high discount of -25% relative to the median of the peers acceptable. By setting the discount at, for example, -10 %, the risk-adjusted return with all multiples would be attractive or very attractive with 2025 forecasts. Considering the above, we find the risk-adjusted return on the stock as a whole highly attractive.

Peer valuation includes some reservations

Componenta's relative valuation multiples are biased by the same factors as mentioned above. Therefore, the 2024 EV/EBITDA ratio is clearly discounted by -52% to the median of the peers, but the EV/EBIT is at a premium (+8%) and the P/E ratio already indicates a clear premium valuation. With 2025 valuation multiples, the stock is in all cases at least at a -25% or 'acceptable level' of discount to the peers. We also find the EV/EBITDA to be a more meaningful benchmark in the current situation than other multiples in peer group valuation, and based on it the unduly high valuation discount of Componenta's stock is obvious.

DCF upside is considerable

The DCF model indicates Componenta a share value of EUR 3.4, with an upside of +46 %. Despite the significant leverage related to the parameters of the DCF model, we consider the upside significant. A more detailed calculation can be found in the appendices.

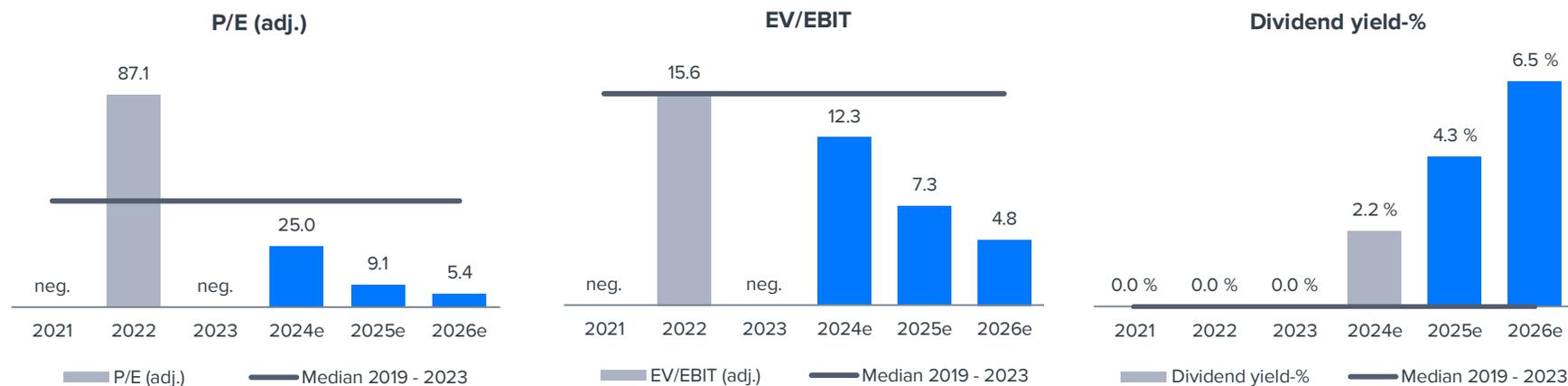
Valuation	2024e	2025e	2026e
Share price	2.32	2.32	2.32
Number of shares, millions	9.71	9.71	9.71
Market cap	23	23	23
EV	31	30	27
P/E (adj.)	25.0	9.1	5.4
P/E	25.0	9.1	5.4
P/B	0.9	0.8	0.7
P/S	0.2	0.2	0.2
EV/Sales	0.3	0.3	0.2
EV/EBITDA	3.7	3.0	2.4
EV/EBIT (adj.)	12.3	7.3	4.8
Payout ratio (%)	53.8 %	39.2 %	35.0 %
Dividend yield-%	2.2 %	4.3 %	6.5 %

Source: Inderes

Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price		3.16	3.34	2.34	2.35	2.32	2.32	2.32	2.32
Number of shares, millions	237.3	9.49	9.52	9.71	9.71	9.71	9.71	9.71	9.71
Market cap		30	32	23	23	23	23	23	23
EV	8.7	27	39	28	32	31	30	27	24
P/E (adj.)	0.0	neg.	neg.	87.1	neg.	25.0	9.1	5.4	4.2
P/E	0.0	neg.	neg.	>100	14.7	25.0	9.1	5.4	4.2
P/B	0.0	1.3	1.4	1.0	0.9	0.9	0.8	0.7	0.6
P/S	0.0	0.4	0.4	0.2	0.2	0.2	0.2	0.2	0.2
EV/Sales	0.2	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2
EV/EBITDA	5.5	7.3	7.8	3.9	6.0	3.7	3.0	2.4	2.0
EV/EBIT (adj.)	neg.	neg.	neg.	15.6	neg.	12.3	7.3	4.8	3.7
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	53.8 %	39.2 %	35.0 %	50.0 %
Dividend yield-%		0.0 %	0.0 %	0.0 %	0.0 %	2.2 %	4.3 %	6.5 %	11.8 %

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	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Norrhydro	19	19		9.4	9.4	4.7	0.7	0.5		33.8	3.6	4.1	2.4
Castings plc	177	135	6.1	5.8	4.2	4.1	0.5	0.5	10.1	9.6	5.1	5.4	
Georg Fischer	5645	5757	11.4	10.2	8.5	7.8	1.1	1.1	18.1	16.2	2.1	2.3	3.5
ElringKlinger	337	723	7.6	6.4	3.4	3.1	0.4	0.4	7.2	5.4	4.5	5.7	0.4
Kesla	14	27	13.3	13.3	6.7	6.7	0.5	0.5	11.3	8.2	3.8	5.1	1.0
Ponsse	669	715	14.5	12.0	8.9	7.8	1.0	0.9	19.0	15.4	2.5	2.9	1.9
Wärtsilä	8568	8616	13.5	12.0	10.9	9.8	1.3	1.2	18.9	16.6	2.8	3.1	3.4
AGCO	7607	8342	6.1	6.3	5.1	5.1	0.7	0.7	8.5	8.6	2.5	2.9	1.5
Componenta Oyj (Inderes)	23	31	12.3	7.3	3.7	3.0	0.3	0.3	25.0	9.1	2.2	4.3	0.9
Average			10.4	9.4	7.1	6.1	0.8	0.7	13.3	14.2	3.4	3.9	2.0
Median			11.4	9.8	7.6	5.9	0.7	0.6	11.3	12.5	3.2	3.6	1.9
Diff-% to median			8%	-25%	-52%	-48%	-56%	-56%	121%	-27%	-32%	20%	-56%

Source: Refinitiv / Inderes

Income statement

Income statement	2021	2022	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	87.3	109	102	24.2	26.2	25.5	30.5	106	111	117	123
Group	87.3	109	102	24.2	26.2	25.5	30.5	106	111	117	123
EBITDA	5.0	7.1	5.3	1.3	2.0	2.2	3.1	8.6	9.7	11.1	12.1
Depreciation	-4.9	-5.5	-1.5	-1.5	-1.5	-1.5	-1.5	-6.0	-5.7	-5.5	-5.6
EBIT (excl. NRI)	-0.8	1.8	-0.4	-0.2	0.5	0.7	1.6	2.5	4.0	5.6	6.5
EBIT	0.0	1.6	3.8	-0.2	0.5	0.7	1.6	2.5	4.0	5.6	6.5
Group	0.0	1.6	3.8	-0.2	0.5	0.7	1.6	2.5	4.0	5.6	6.5
Share of profits in assoc. compan.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-0.4	-1.7	-2.2	-0.4	-0.4	-0.4	-0.4	-1.6	-1.6	-1.4	-1.2
PTP	-0.4	-0.1	1.6	-0.6	0.1	0.3	1.2	0.9	2.5	4.2	5.3
Taxes	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	-0.4	0.1	1.5	-0.6	0.1	0.3	1.2	0.9	2.5	4.2	5.3
EPS (adj.)	-0.13	0.03	-0.27	-0.06	0.01	0.03	0.12	0.09	0.26	0.43	0.55
EPS (rep.)	-0.04	0.01	0.16	-0.06	0.01	0.03	0.12	0.09	0.26	0.43	0.55
Key figures	2021	2022	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	24.6 %	25.0 %	-6.7 %	-21.2 %	-11.2 %	27.8 %	40.5 %	4.4 %	4.7 %	5.1 %	5.5 %
Adjusted EBIT growth-%		-318.4 %	-124.8 %	-115.1 %	-54.2 %	-166.6 %	-181.0 %	-681.0 %	58.8 %	37.9 %	16.3 %
EBITDA-%	5.7 %	6.5 %	5.2 %	5.4 %	7.7 %	8.6 %	10.1 %	8.1 %	8.7 %	9.5 %	9.8 %
Adjusted EBIT-%	-0.9 %	1.6 %	-0.4 %	-0.9 %	2.0 %	2.6 %	5.1 %	2.4 %	3.6 %	4.8 %	5.3 %
Net earnings-%	-0.5 %	0.1 %	1.5 %	-2.6 %	0.4 %	1.0 %	3.8 %	0.8 %	2.2 %	3.6 %	4.3 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	32.8	36.6	36.3	36.5	37.0
Goodwill	3.2	3.2	3.2	3.2	3.2
Intangible assets	2.0	2.0	2.0	2.1	2.2
Tangible assets	27.0	31.0	30.6	30.8	31.2
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.5	0.4	0.4	0.4	0.4
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	25.8	20.7	23.7	26.9	29.9
Inventories	13.3	12.6	13.2	13.8	14.5
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	3.9	2.8	4.4	4.6	4.8
Cash and equivalents	8.6	5.3	6.1	8.5	10.6
Balance sheet total	58.6	57.3	60.0	63.4	66.9

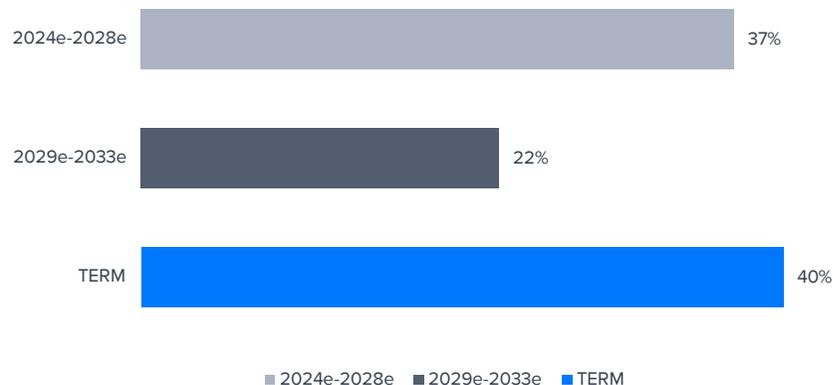
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	23.9	25.6	26.5	28.4	31.6
Share capital	1.0	1.0	1.0	1.0	1.0
Retained earnings	3.2	4.8	5.7	7.7	10.9
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	19.7	19.8	19.8	19.8	19.8
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	10.9	12.3	13.0	13.5	13.0
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.4	0.3	0.3	0.3	0.3
Korolliset velat	9.9	11.3	12.0	12.5	12.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.7	0.6	0.6	0.6	0.6
Current liabilities	23.8	19.5	20.5	21.5	22.3
Korolliset velat	3.6	3.1	3.0	3.1	3.0
Payables	20.2	16.4	17.5	18.4	19.3
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	58.6	57.3	60.0	63.4	66.9

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-6.7 %	4.4 %	4.7 %	5.1 %	5.5 %	5.8 %	6.2 %	6.5 %	6.9 %	7.2 %	2.5 %	2.5 %
EBIT-%	3.7 %	2.4 %	3.6 %	4.8 %	5.3 %	5.0 %	4.7 %	4.5 %	3.5 %	3.5 %	3.5 %	3.5 %
EBIT (operating profit)	3.8	2.5	4.0	5.6	6.5	6.5	6.6	6.6	5.5	5.9	6.1	
+ Depreciation	1.5	6.0	5.7	5.5	5.6	5.7	5.8	5.9	6.1	6.2	6.4	
- Paid taxes	0.0	0.0	0.0	0.0	0.0	-1.1	-1.1	-1.2	-1.0	-1.1	-1.1	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	-0.2	-0.2	-0.2	-0.2	-0.1	-0.1	
+ 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	-2.0	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	3.3	7.6	9.7	11.1	12.1	10.9	11.1	11.3	10.5	11.0	11.2	
+ 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	-5.4	-5.7	-5.9	-6.0	-6.2	-6.4	-6.5	-6.7	-6.9	-7.1	-7.8	
Free operating cash flow	-2.2	1.9	3.8	5.1	5.9	4.6	4.5	4.5	3.6	3.9	3.4	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-2.2	1.9	3.8	5.1	5.9	4.6	4.5	4.5	3.6	3.9	3.4	44.6
Discounted FCFF		1.7	3.2	3.8	4.0	2.8	2.6	2.3	1.7	1.6	1.3	16.9
Sum of FCFF present value		42.0	40.3	37.1	33.2	29.2	26.4	23.8	21.5	19.8	18.2	16.9
Enterprise value DCF		42.0										
- Interest bearing debt		-14.4										
+ Cash and cash equivalents		5.3										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		32.9										
Equity value DCF per share		3.4										

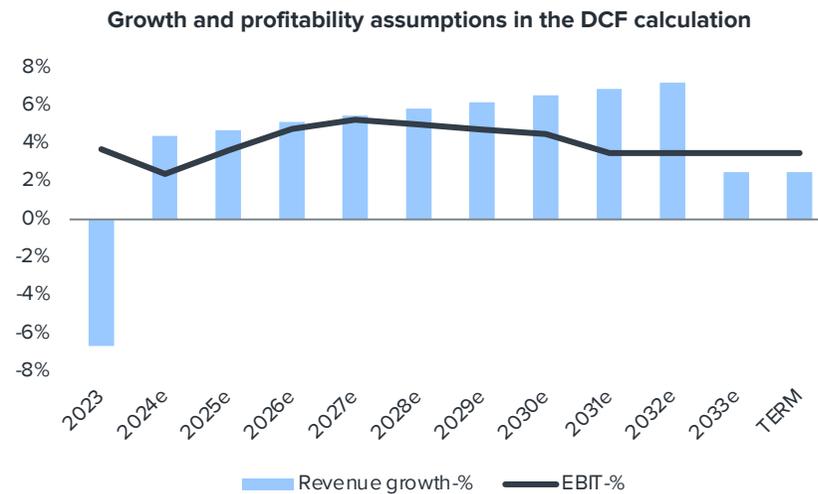
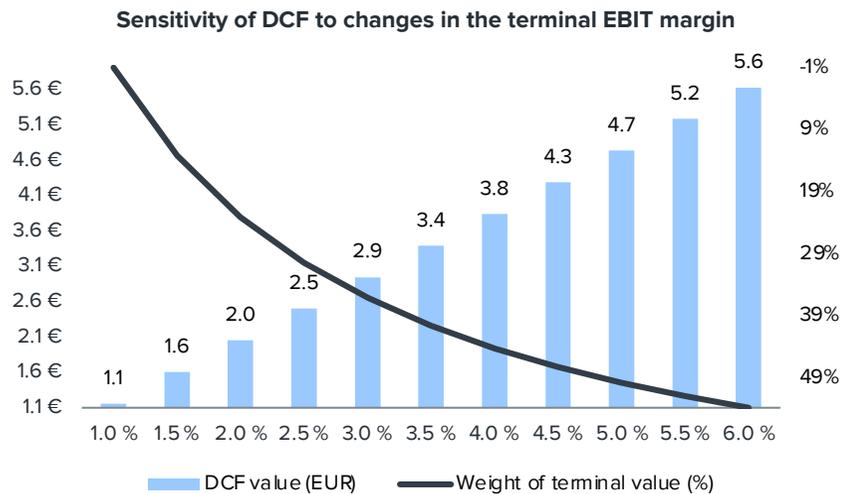
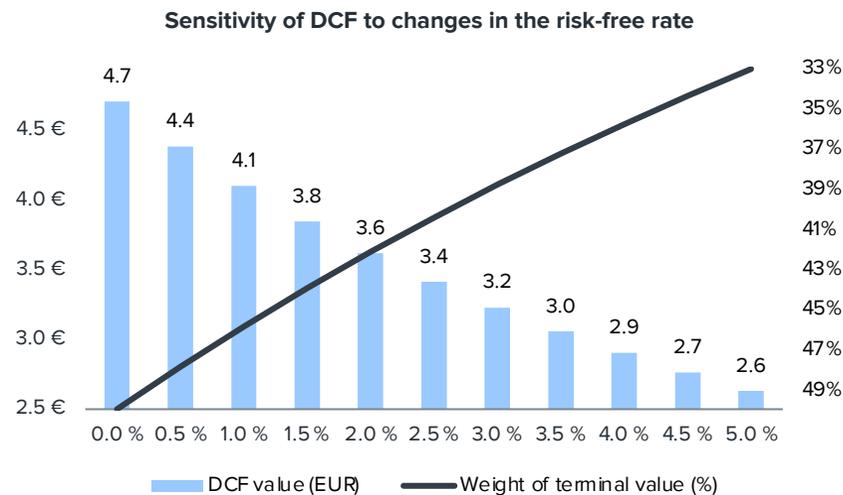
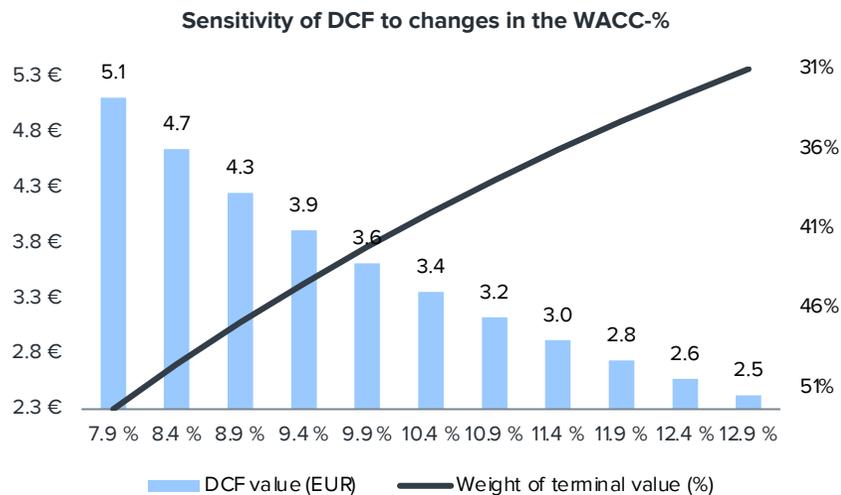
Cash flow distribution



WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.5 %
Equity Beta	1.80
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	12.1 %
Weighted average cost of capital (WACC)	10.4 %

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.

Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	87.3	109.1	101.8	106.3	111.3	EPS (reported)	-0.04	0.01	0.16	0.09	0.26
EBITDA	5.0	7.1	5.3	8.6	9.7	EPS (adj.)	-0.13	0.03	-0.27	0.09	0.26
EBIT	0.0	1.6	3.8	2.5	4.0	OCF / share	0.27	0.78	0.34	0.78	1.00
PTP	-0.4	-0.1	1.6	0.9	2.5	FCF / share	-0.93	0.29	-0.23	0.19	0.39
Net Income	-0.4	0.1	1.5	0.9	2.5	Book value / share	2.46	2.46	2.63	2.72	2.93
Extraordinary items	0.8	-0.2	4.2	0.0	0.0	Dividend / share	0.00	0.00	0.00	0.05	0.10
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	55.5	58.6	57.3	60.0	63.4	Revenue growth-%	25%	25%	-7%	4%	5%
Equity capital	23.5	23.9	25.6	26.5	28.4	EBITDA growth-%	32%	43%	-26%	62%	13%
Goodwill	3.2	3.2	3.2	3.2	3.2	EBIT (adj.) growth-%	-72%	-318%	-125%	-681%	59%
Net debt	6.7	4.8	9.1	8.9	7.1	EPS (adj.) growth-%	-70%	-121%	-1116%	-134%	174%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	5.7 %	6.5 %	5.2 %	8.1 %	8.7 %
EBITDA	5.0	7.1	5.3	8.6	9.7	EBIT (adj.)-%	-0.9 %	1.6 %	-0.4 %	2.4 %	3.6 %
Change in working capital	-2.3	0.9	-2.0	-1.0	0.0	EBIT-%	0.0 %	1.4 %	3.7 %	2.4 %	3.6 %
Operating cash flow	2.6	7.6	3.3	7.6	9.7	ROE-%	-1.7 %	0.3 %	6.3 %	3.5 %	9.0 %
CAPEX	-2.0	-4.4	-5.4	-5.7	-5.9	ROI-%	3.2 %	4.3 %	9.9 %	6.5 %	9.7 %
Free cash flow	-8.9	2.8	-2.2	1.9	3.8	Equity ratio	42.3 %	40.8 %	44.6 %	44.1 %	44.9 %
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	28.6 %	20.2 %	35.6 %	33.6 %	24.9 %
EV/S	0.4	0.3	0.3	0.3	0.3						
EV/EBITDA (adj.)	7.8	3.9	6.0	3.7	3.0						
EV/EBIT (adj.)	neg.	15.6	neg.	12.3	7.3						
P/E (adj.)	neg.	87.1	neg.	25.0	9.1						
P/B	1.4	1.0	0.9	0.9	0.8						
Dividend-%	0.0 %	0.0 %	0.0 %	2.2 %	4.3 %						

Source: Inderes

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Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Date	Recommendation	Target	Share price
9/19/2023	Accumulate	3.20 €	2.73 €
9/27/2023	Accumulate	3.20 €	2.90 €
11/6/2023	Accumulate	3.00 €	2.55 €
1/15/2024	Buy	3.00 €	2.27 €
3/3/2024	Buy	3.00 €	2.32 €



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Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

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