

# Sitowise

## Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Hyvät näkymät vievät eteenpäin” published on 03/03/2022 at 06:50 am

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# Moving forward with good prospects

We reiterate our Accumulate recommendation for Sitowise but lower our target price to EUR 7.60 (prev. EUR 9.30) reflecting estimate revisions. The result for 2021 was largely in line with our expectations and the future outlook seems positive, although there are uncertainties about future economic activity. Good market demand combined with Sitowise's strong order book, efficient business model, light balance sheet, and strong cash flow gives the company good preconditions to continue its strong and profitable growth both organically and through acquisitions. Looking into 2022 we feel the valuation offers sufficient expected return relative to the risks considering the growth opportunities offered by acquisitions.

## Q4 report in line with expectations

Sitowise's operating profit rose by 19% from the comparison period to EUR 50.5 million and was in line with our EUR 50.8 million estimate. A major part of the growth is explained by acquisitions made by the company, but organic net sales also grew by 6% in Q4. The order book rose again to a record level of EUR 162 million, up by 41% from the comparison period. This is good news for the growth prospects of this year, together with market demand that has picked up well. With good net sales growth, the result improved from the comparison period. Adjusted EBITA rose to EUR 5.6 million from the comparison period (Q4'20: 3.9 MEUR), which was in line with our forecast of EUR 5.6 million. The EBITA margin improved from the comparison period to 11.1% (Q4'20: 9.2%). Maintaining profitability in line with our forecasts is positive, strengthening the earnings growth outlook of the coming years. It seems that cost inflation or market disturbances haven't had any significant impact on the company.

## Guidance improves visibility

In 2022, the company estimates that both net sales and adjusted EBITA in euros will increase compared to 2021. In addition, the company sees the market growing in each business area. While the market outlook is good, we lowered our forecasts due to uncertainties in economic activity. In 2022, we expect organic growth to pick up and net sales to grow by 8% about EUR 193 million. We estimate that the adjusted EBITA reaches EUR 22.5 million as a result of the increase in net sales. According to our estimates, the elimination of so-called COVID savings, inflationary pressures and growth phase in a new country will put pressure on the margins in the next few years. However, in our estimates, profitability remains (22-23e EBITA-%: 11.9%) close to the company's target level (+12% EBITA-%). Thanks to the growth in the top line, we expect a good earnings growth rate of 6-10% for the next few years. In addition to organic growth, the company is actively seeking acquisitions that create a good growth option for the company.

## Upside in valuation

For 2022, the share valuation has become reasonable (2022e: adj. EV/EBITDA: 9x adj. P/E: 16x), given Sitowise's good performance and earnings growth outlook. The share still has upside compared to the lower end of our acceptable valuation range (EV/EBITDA: 11x, P/E: (18x) that has been formed through the company's profile and peers. In comparison with a more extensive peer group, the company is in line with its peers with our 2022 indicators, when based on historical performance, we believe a premium (+10%) should be accepted for Sitowise. In addition to the upside in the valuation, the 2-3% dividend yield supports the expected return. The value of our DCF calculation (EUR 9) is also higher than the current share price, which supports our recommendation.

## Recommendation

### Accumulate

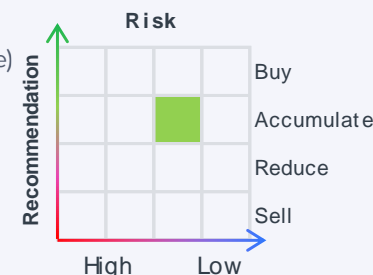
(previous Accumulate)

### EUR 7.60

(previous EUR 9.30)

### Share price:

6.50



## Key figures

	2021	2022e	2023e	2024e
Net sales	179.3	193.3	203.8	213.8
growth-%	12%	8%	5%	5%
EBIT adj.	18.9	20.3	22.1	23.5
EBIT-% adj.	10.6 %	10.5 %	10.8 %	11.0 %
Net Income	7.8	14.4	15.7	16.8
EPS (adj.)	0.29	0.41	0.44	0.47

P/E (adj.)	27.4	15.9	14.7	13.7
P/B	2.5	1.8	1.7	1.6
Dividend yield-%	1.2 %	2.2 %	2.5 %	2.8 %
EV/EBIT (adj.)	18.2	13.7	12.1	11.0
EV/EBITDA	13.3	9.2	8.5	7.8
EV/S	1.9	1.4	1.3	1.2

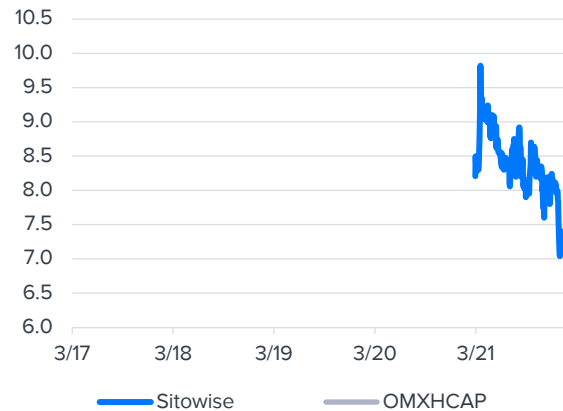
Source: Inderes

## Guidance

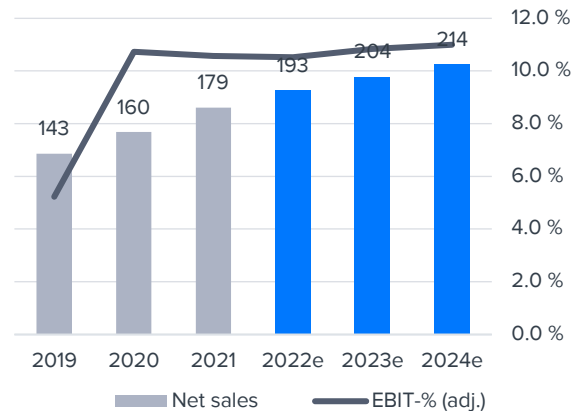
(New guidance)

Sitowise Group estimates that both net sales and adjusted EBITA in euros will increase compared to 2021.

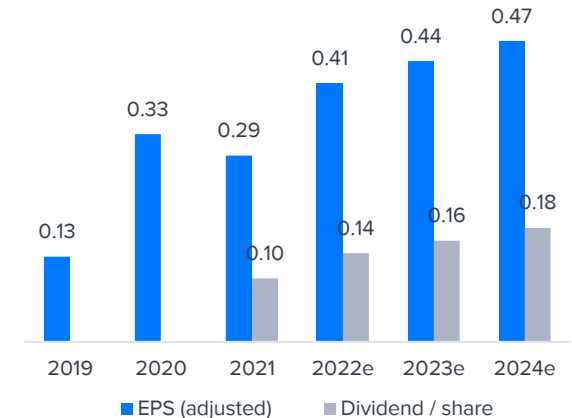
## Share price



## Net sales 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 design in construction value chain supported by megatrends



## Risk factors

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

Valuation	2022e	2023e	2024e
Share price	6.50	6.50	6.50
Number of shares, millions	35.4	35.4	35.4
Market cap	230	230	230
EV	278	268	258
P/E (adj.)	15.9	14.7	13.7
P/B	1.8	1.7	1.6
EV/Sales	1.4	1.3	1.2
EV/EBITDA	9.2	8.5	7.8
EV/EBIT (adj.)	13.7	12.1	11.0
Payout ratio (%)	34.3 %	36.1 %	37.9 %
Dividend yield-%	2.2 %	2.5 %	2.8 %

Source: Inderes

# Result met expectations

## Clear organic growth in net sales already

Sitowise's operating profit rose by 19% from the comparison period to EUR 50.5 million and was in line with our EUR 50.8 million estimate. A major part of the growth is explained by acquisitions made by the company, but organic net sales also grew by 6% from the comparison period in Q4. By business areas, Sweden (+38%) and Digital Solutions (+67%) grew strongly. However, also the net sales of the Talo business grew by 11% and that of the Infra business by 8%, indicating a clear pick-up of the market and organic growth. The order book rose again to a record level of EUR 162 million, up by 41% from the comparison period. This is good news for the growth prospects of this year, together with market demand that has picked up well. Billable utilization was maintained at an expected level in Q4 and was 76.9%. There was a minor improvement to 76.5% of the comparison period. Maintaining billable utilization at a high level is important for Sitowise's business and

its profitability.

## Strong profitability

With good net sales growth, the result improved from the comparison period. Adjusted EBITA rose to EUR 5.6 million from the comparison period (Q4'20: 3.9 MEUR), which was perfectly in line with our forecast of EUR 5.6 million. The EBITA margin improved from the comparison period to 11.1% (Q4'20: 9.2%). The increase in margins from a weak comparison period isn't surprising, as we already had the information that the comparison period was weak. However, maintaining profitability in line with our forecasts is positive, as it strengthens the earnings growth outlook of the coming years. Also, in relation to the company's own targets (+12% EBITA-%), profitability develops as planned and reached 11.8% for the whole financial year. In the bottom lines, expenses were slightly higher than our expectations and earnings per share were EUR 0.08 (forecast: EUR 0.10). A dividend of EUR 0.10 is proposed, which was slightly

below our expectations (EUR 0.12). However, we don't consider the dividend a major driver for the company at the moment.

## Guidance improves visibility

Sitowise also provided guidance for 2022, which improves visibility to the company. The company now estimates that both net sales and adjusted EBITA in euros will increase compared to 2021. In addition, the 41% increase in the order book and market outlook support the growth outlook for 2022. The company expects the market to grow in each business area, which was positive in the midst of all uncertainty. However, the geopolitical situation creates its own uncertainties about economic activity. In the big picture, the report reaffirmed our view for the coming years. The market seems to be strengthening and the company's active grip on the M&A market can further stimulate growth in the coming years.

Estimates	Q1'21	Q1'22	Q1'22e	Q1'22e	Consensus		Difference (%)
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes
Net sales	42.4	50.5	50.8				-1%
EBITA (adj.)	3.9	5.6	5.6				-1%
EBIT	2.6	4.6	4.7				-3%
PTP	3.1	3.7	4.3				-14%
EPS (reported)	0.07	0.08	0.10				-19%
DPS	-	0.10	0.12				-17%
Net sales growth-%	-	19.1 %	19.8 %				-0.7 pp
EBITA-% (adj.)	9.2 %	11.1 %	11.1 %				0 pp

Source: Inderes

# Forecasts had downward pressure

We lowered our forecasts for the coming years slightly due to market risks and the uncertainty of cost inflation. The company has grown aggressively in recent years and the market situation has been favorable. Now the market has been a little more difficult, while the company has expanded heavily into Sweden. We see this growth phase and transition putting some pressure on the high profitability level, which has also been supported by the one-off savings caused by COVID. Despite this, the company's earnings growth outlook is good, thanks to strong net sales growth.

## Market growth will start to pick up again in the next few years

Since the weaker market period in 2021, the order book has started to pick up again and Sitowise has also achieved organic growth. We estimate that

organic growth will continue in 2022 and will be supported by acquisitions made by the company. Now, we expect growth especially from the Talo and Infra business areas thanks to strengthening order books. At the same time, we estimate that the Swedish and Digital Solutions business areas will grow strongly from their low levels. We expect net sales to grow by 8% to ca. EUR 193 million in 2022.

The profitability margin is expected to decrease slightly this year for the reasons mentioned above. According to our estimates, the recruiting done for growth and cost pressures will burden Sitowise's profitability. However, thanks to strong growth in the top line, adjusted EBITA will grow by 6% to around EUR 22.5 million. The margin is expected to fall to 11.6% from 11.8% of the comparison period. This is below the peak level (2020: 12.9%), but close to the company's 12% target.

For 2023, we expect market growth to remain moderate and support organic growth. We expect net sales to grow by 5% to around EUR 204 million. The growth is supported by the company's expanded offering and good long-term market trends, as well as an increase in the degree of penetration of consultation and Sitowise's digitalization expertise.

With strong growth, we will also see growth in margins and earnings in 2023, as the risk factors in the market also subside (inflation) and front-loaded costs start to pay off. We predict that the adjusted EBITA for 2023 will rise to EUR 24.7 million and that the margin will be 12.1%.

Estimate revisions	2022e	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Net sales	191	193	1%	202	204	1%	212	214	1%
EBITA (oik.)	23.4	22.5	-4%	25.0	24.7	-1%	27.0	26.1	-3%
EBITA	23.4	22.5	-4%	25.0	24.7	-1%	27.0	26.1	-3%
PTP	19.8	18.2	-8%	21.6	19.7	-9%	23.2	21.1	-9%
EPS (excl. NRIs)	0.45	0.41	-9%	0.49	0.44	-9%	0.53	0.47	-10%

# Valuation

## Acceptable valuation

We have examined Sitowise's acceptable valuation against its nearest peer Sweco's figures. Due to Sitowise's good historical performance, a strong willingness to grow and better profitability, we believe it deserves at least Sweco's historical multiples. Our acceptable valuation range for Sitowise is P/E 18-22x and EV/EBITDA: 11-13x.

## Absolute multiples

We feel that Sitowise's 2022 valuation is reasonable (2022e adj. P/E: 16x adj. EV/EBITDA: 9) and offers upside to the lower end of our acceptable range (P/E: 18x, EV/EBITDA: 11x). For 2023, the valuation will continue to decline due to earnings growth.

We are now relying on the lower end of our acceptable range because of increased market risks, which in addition to the changes in forecasts explains the cut in our target price. Although consultants and design companies are valued above average on the stock exchange, the valuation already reflects the quality and performance of the company, and we don't believe that it's possible to rely on a significantly higher valuation. Thus, increase in value should happen through earnings growth.

We expect a growing dividend from the company over the next few years. Dividend is not a significant driver for the share in the growth stage, but it provides a slight support for the expected return. For the next few years, the dividend yield is moderate at about 2%.

## Peer group valuation

The valuation of the peer group recovered clearly with the economy in 2021 but has recently been clearly moderated. Now the median valuation of the peers for

2022 (P/E: 17x, EV/EBITDA: (10x) has in our view fallen to a reasonable level. Sitowise is currently valued at the level of its peers. We believe it is justified to price Sitowise above the peer group due to the combination of historical profitability and future performance growth. However, the company's development and expansion phase, the Group's short history, the smaller size compared to some peers, and the more concentrated business decrease the acceptable level. Therefore, we feel a premium of about 10% compared to the peers is justified.

## DCF valuation

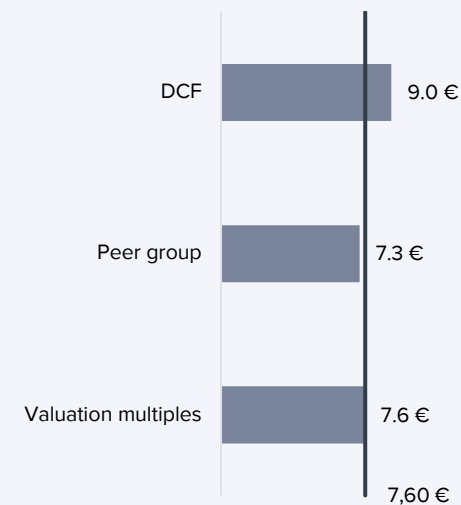
We also use the DCF model in the valuation. The value of the DCF model (EUR 9.0) is higher than the current share price and our target price. However, due to the company's acquisition-driven growth, our organic growth-based estimates do not necessarily give the best picture of the company's valuation.

In our model, the company's revenue growth will stabilize at 2% in the terminal period after stronger medium-term growth, and the EBIT margin will be 11.0% of revenue. In the model, the weight of the terminal period in the value of cash flows is high emphasizing that the higher value is distributed far into the future. The average cost of capital (WACC) used is 7.0% and the cost of equity is 9.1%. In our opinion, the required return level is already low for Sitowise, and we don't think there is any downside left. An increase in the DCF value should come through improving cash flows in the company.

Valuation	2022e	2023e	2024e
Share price	6.50	6.50	6.50
Number of shares, million:	35.4	35.4	35.4
Market cap	230	230	230
EV	278	268	258
P/E (adj.)	15.9	14.7	13.7
P/B	1.8	1.7	1.6
EV/Sales	1.4	1.3	1.2
EV/EBITDA	9.2	8.5	7.8
EV/EBIT (adj.)	13.7	12.1	11.0
Payout ratio (%)	34.3 %	36.1 %	37.9 %
Dividend yield-%	2.2 %	2.5 %	2.8 %

Source: Inderes

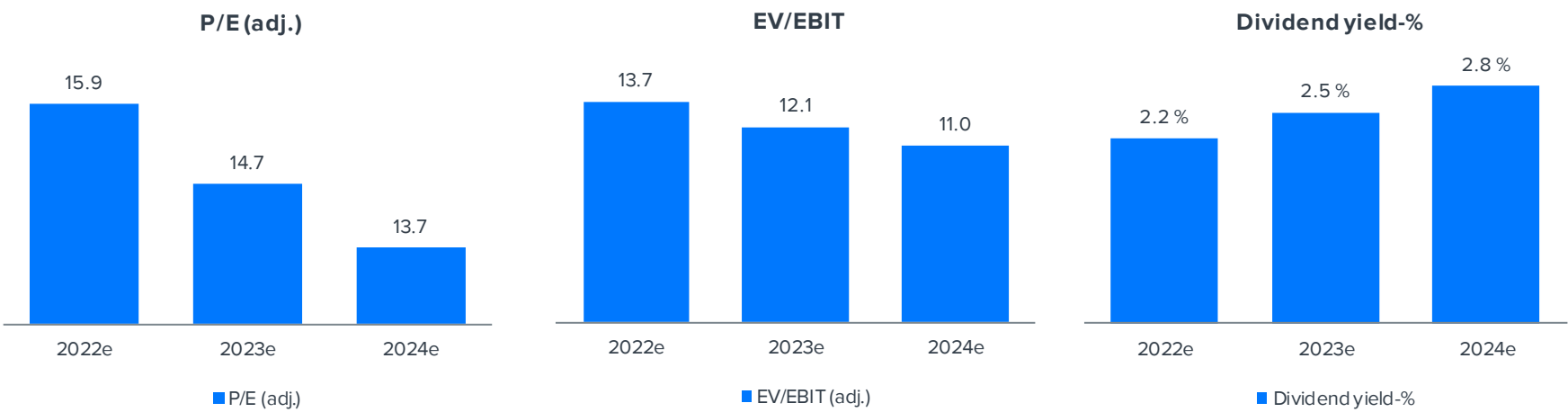
## Breakdown of the target price



# Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price					8.05	6.50	6.50	6.50	6.50
Number of shares, millions					35.4	35.4	35.4	35.4	35.4
Market cap					285	230	230	230	230
EV					345	278	268	258	246
P/E (adj.)					27.4	15.9	14.7	13.7	12.2
P/B					2.5	1.8	1.7	1.6	1.4
EV/Sales					1.9	1.4	1.3	1.2	1.1
EV/EBITDA					13.3	9.2	8.5	7.8	6.9
EV/EBIT (adj.)					18.2	13.7	12.1	11.0	9.4
Payout ratio (%)					45.2 %	34.3 %	36.1 %	37.9 %	40.0 %
Dividend yield-%					1.2 %	2.2 %	2.5 %	2.8 %	3.3 %

Source: Inderes



# Peer group valuation

Peer group valuation	Share price	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company		MEUR	MEUR	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e
Sweco AB (publ)	129.00	4448	4712	22.2	20.6	15.8	14.8	2.2	2.1	26.0	24.2	2.0	2.1	5.0
Afry AB		1780	1557	9.5	8.2	6.3	5.6	0.8	0.7	13.2	12.1	3.8	4.1	1.7
Rejlers AB (publ)	121.60	207	229	13.0	10.8	7.1	6.3	0.8	0.7	16.2	13.6	3.1	3.5	1.9
WSP Global Inc	157.46	13099	14593	21.8	19.7	14.0	13.1	2.4	2.3	28.4	25.5	1.0	1.0	
Etteplan Oyj	14.15	358	403	13.4	12.1	8.2	7.6	1.2	1.1	15.4	14.0	3.2	3.5	3.2
Arcadis NV	39.72	3622	3789	14.5	13.1	9.9	9.3	1.1	1.0	19.4	17.3	2.1	2.3	3.2
<b>Sitowise (Inderes)</b>	<b>6.50</b>	<b>230</b>	<b>278</b>	<b>13.7</b>	<b>12.1</b>	<b>9.2</b>	<b>8.5</b>	<b>1.4</b>	<b>1.3</b>	<b>15.9</b>	<b>14.7</b>	<b>2.2</b>	<b>2.5</b>	<b>1.8</b>
<b>Average</b>				<b>15.7</b>	<b>14.1</b>	<b>10.2</b>	<b>9.5</b>	<b>1.4</b>	<b>1.3</b>	<b>19.8</b>	<b>17.8</b>	<b>2.5</b>	<b>2.7</b>	<b>3.0</b>
<b>Median</b>				<b>13.9</b>	<b>12.6</b>	<b>9.1</b>	<b>8.4</b>	<b>1.1</b>	<b>1.1</b>	<b>17.8</b>	<b>15.7</b>	<b>2.6</b>	<b>2.9</b>	<b>3.2</b>
<b>Diff-% to median</b>				<b>-2%</b>	<b>-4%</b>	<b>1%</b>	<b>1%</b>	<b>28%</b>	<b>23%</b>	<b>-10%</b>	<b>-6%</b>	<b>-17%</b>	<b>-15%</b>	<b>-42%</b>

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



# Income statement

Income statement	2019	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22e	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e
Net sales	143	160	42.8	46.5	39.6	50.5	179.3	45.6	49.8	42.3	55.6	193	204	214
EBITDA	19.3	26.3	5.9	6.5	6.5	6.9	25.8	7.0	8.1	7.0	8.3	30.4	31.7	33.0
Depreciation	-8.7	-8.0	-2.3	-2.3	-2.5	-2.4	-9.4	-2.5	-2.5	-2.5	-2.5	-10.1	-9.6	-9.5
EBIT	10.6	18.3	3.7	4.2	4.0	4.6	16.4	4.5	5.6	4.5	5.8	20.3	22.1	23.5
EBITA (adj.)	15.5	20.6	4.7	5.9	4.9	5.6	21.1	5.0	6.1	5.0	6.3	22.5	24.7	26.1
EBITA	13.8	12.3	4.1	4.7	4.6	5.2	18.6	5.0	6.1	5.0	6.3	22.5	24.7	26.1
Net financial items	-2.3	-2.4	-4.7	0.1	-0.7	-0.8	-6.1	-0.5	-0.4	-0.6	-0.6	-2.1	-2.4	-2.4
PTP	8.4	15.9	-1.1	4.3	3.3	3.7	10.3	4.0	5.2	3.9	5.2	18.2	19.7	21.1
Taxes	-0.5	-3.2	0.3	-0.9	-0.7	-1.0	-2.4	-0.9	-0.9	-0.9	-0.9	-3.7	-3.9	-4.2
Minority interest	0.0	-0.1	0.0	-0.1	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1
Net earnings	7.9	12.6	-0.8	3.3	2.5	2.7	7.8	3.0	4.2	3.0	4.2	14.4	15.7	16.8
EPS (adj.)	0.13	0.33	-0.01	0.14	0.08	0.09	0.29	0.09	0.12	0.08	0.12	0.41	0.44	0.47
EPS (rep.)	0.22	0.36	-0.02	0.09	0.07	0.08	0.22	0.09	0.12	0.08	0.12	0.41	0.44	0.47

Key figures	2019	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22e	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e
Net sales growth-%	13.8 %	11.9 %	6.9 %	7.6 %	14.9 %	19.0 %	12.0 %	6.5 %	7.2 %	6.9 %	10.2 %	7.8 %	5.4 %	4.9 %
Adjusted EBITA growth-%		33.3 %	-8.9 %	-17.2 %	11.1 %	44.0 %	2.4 %	6.5 %	3.5 %	2.7 %	12.2 %	6.3 %	9.8 %	5.8 %
Adjusted EBITA-%	10.8 %	12.9 %	11.0 %	12.7 %	12.4 %	11.1 %	11.8 %	11.0 %	12.3 %	11.9 %	11.3 %	11.6 %	12.1 %	12.2 %
Net earnings-%	5.5 %	7.9 %	-1.8 %	7.2 %	6.4 %	5.4 %	4.4 %	6.7 %	8.5 %	7.0 %	7.6 %	7.5 %	7.7 %	7.9 %

Source: Inderes

# Balance sheet

Assets	2020	2021	2022e	2023e	2024e
<b>Non-current assets</b>	<b>160</b>	<b>177</b>	<b>177</b>	<b>177</b>	<b>178</b>
Goodwill	118	135	135	135	135
Intangible assets	5.7	7.5	7.4	6.4	5.9
Tangible assets	34.2	31.4	31.5	32.9	34.0
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	1.7	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	0.3	1.1	1.1	1.1	1.1
<b>Current assets</b>	<b>61.6</b>	<b>72.7</b>	<b>89.1</b>	<b>102</b>	<b>116</b>
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	46.1	53.3	57.0	60.1	63.1
Cash and equivalents	15.5	19.4	32.1	42.3	52.8
<b>Balance sheet total</b>	<b>222</b>	<b>250</b>	<b>266</b>	<b>280</b>	<b>294</b>

Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
<b>Equity</b>	<b>66.9</b>	<b>115</b>	<b>126</b>	<b>136</b>	<b>148</b>
Share capital	0.0	0.1	0.1	0.1	0.1
Retained earnings	11.4	18.8	29.8	40.5	51.6
Hybrid bonds	14.1	0.0	0.0	0.0	0.0
Revaluation reserve	0.2	0.3	0.3	0.3	0.3
Other equity	41.0	95.5	95.5	95.5	95.5
Minorities	0.1	0.2	0.2	0.2	0.2
<b>Non-current liabilities</b>	<b>94.5</b>	<b>72.6</b>	<b>71.6</b>	<b>71.6</b>	<b>71.6</b>
Deferred tax liabilities	2.0	1.6	1.6	1.6	1.6
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	92.6	71.0	70.0	70.0	70.0
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
<b>Current liabilities</b>	<b>60.1</b>	<b>62.3</b>	<b>68.8</b>	<b>71.8</b>	<b>74.6</b>
Short term debt	9.4	7.6	10.0	10.0	10.0
Payables	47.3	51.0	55.1	58.1	60.9
Other current liabilities	3.4	3.7	3.7	3.7	3.7
<b>Balance sheet total</b>	<b>222</b>	<b>250</b>	<b>266</b>	<b>280</b>	<b>294</b>

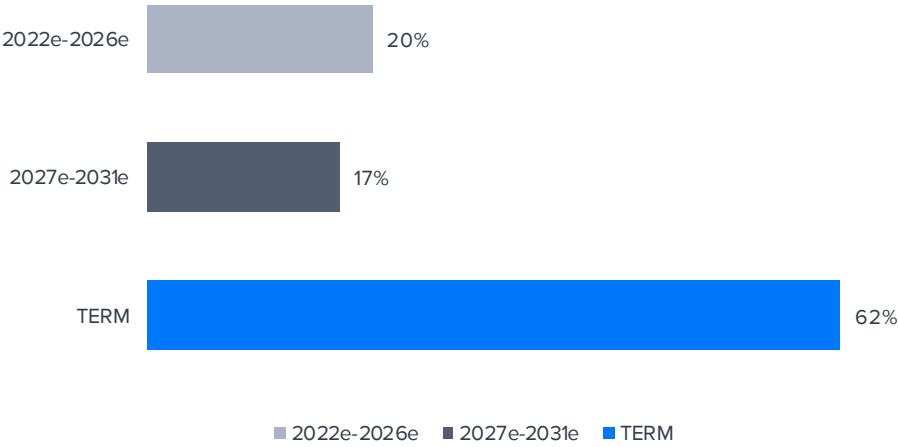
# DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
<b>EBIT (operating profit)</b>	<b>16.4</b>	<b>20.3</b>	<b>22.1</b>	<b>23.5</b>	<b>26.0</b>	<b>26.8</b>	<b>27.7</b>	<b>27.5</b>	<b>28.2</b>	<b>28.9</b>	<b>29.5</b>	
+ Depreciation	9.4	10.1	9.6	9.5	9.5	9.5	9.6	9.6	9.7	9.8	9.8	
- Paid taxes	-3.6	-3.7	-3.9	-4.2	-4.7	-4.9	-5.1	-5.1	-5.2	-5.4	-5.5	
- Tax, financial expenses	-1.4	-0.4	-0.5	-0.5	-0.5	-0.5	-0.5	-0.4	-0.4	-0.4	-0.4	
+ 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	-3.2	0.4	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	
<b>Operating cash flow</b>	<b>17.7</b>	<b>26.6</b>	<b>27.1</b>	<b>28.2</b>	<b>30.2</b>	<b>30.9</b>	<b>31.6</b>	<b>31.6</b>	<b>32.2</b>	<b>32.8</b>	<b>33.3</b>	
+ 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	-25.8	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.9	
<b>Free operating cash flow</b>	<b>-8.2</b>	<b>16.6</b>	<b>17.1</b>	<b>18.2</b>	<b>20.2</b>	<b>20.9</b>	<b>21.6</b>	<b>21.6</b>	<b>22.2</b>	<b>22.8</b>	<b>22.4</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-8.2	16.6	17.1	18.2	20.2	20.9	21.6	21.6	22.2	22.8	22.4	458
<b>Discounted FCFF</b>		<b>15.7</b>	<b>15.1</b>	<b>15.0</b>	<b>15.6</b>	<b>15.1</b>	<b>14.6</b>	<b>13.6</b>	<b>13.1</b>	<b>12.6</b>	<b>11.5</b>	<b>236</b>
Sum of FCFF present value		378	362	347	332	316	301	286	273	260	247	236
<b>Enterprise value DCF</b>		<b>378</b>										
- Interesting bearing debt		-78.6										
+ Cash and cash equivalents		19.4										
-Minorities		-0.3										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>318</b>										
<b>Equity value DCF per share</b>		<b>9.0</b>										

<b>Wacc</b>	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	30.0 %
Cost of debt	2.5 %
Equity Beta	1.25
Market risk premium	4.75%
Liquidity premium	1.20%
Risk free interest rate	2.0 %
<b>Cost of equity</b>	<b>9.1 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>7.0 %</b>

Source: Inderes

Cash flow distribution



# Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	143.0	160.1	179.3	193.3	203.8	EPS (reported)	0.22	0.36	0.22	0.41	0.44
EBITDA	19.3	26.3	25.8	30.4	31.7	EPS (adj.)	0.13	0.33	0.29	0.41	0.44
EBIT	10.6	18.3	16.4	20.3	22.1	OCF / share	0.62	0.79	0.50	0.75	0.77
PTP	8.4	15.9	10.3	18.2	19.7	FCF / share	-0.65	-0.15	-0.23	0.47	0.48
Net Income	7.1	12.7	7.8	14.4	15.7	Book value / share	1.62	1.90	3.24	3.55	3.85
Extraordinary items	3.2	1.1	-2.6	0.0	0.0	Dividend / share	0.00	0.00	0.10	0.14	0.16
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	188.4	221.5	249.8	266.1	279.8	Revenue growth-%	14%	12%	12%	8%	5%
Equity capital	57.4	66.9	114.9	125.8	136.5	EBITDA growth-%	-1%	36%	-2%	18%	4%
Goodwill	101.7	118.1	135.2	135.2	135.2	EBIT (adj.) growth-%	-41%	130%	10%	7%	9%
Net debt	74.8	86.5	59.3	47.9	37.7	EPS (adj.) growth-%	-47%	144%	-10%	39%	8%
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	13.5 %	16.4 %	14.4 %	15.7 %	15.5 %
EBITDA	19.3	26.3	25.8	30.4	31.7	EBIT (adj.)-%	5.2 %	10.7 %	10.6 %	10.5 %	10.8 %
Change in working capital	3.1	2.1	-3.2	0.4	-0.1	EBIT-%	7.4 %	11.4 %	9.1 %	10.5 %	10.8 %
Operating cash flow	21.7	27.9	17.7	26.6	27.1	ROE-%	15.4 %	20.4 %	8.6 %	12.0 %	12.0 %
CAPEX	-43.8	-33.1	-25.8	-10.0	-10.0	ROI-%	8.5 %	11.7 %	9.0 %	10.2 %	10.5 %
Free cash flow	-22.9	-5.1	-8.2	16.6	17.1	Equity ratio	30.4 %	30.2 %	46.0 %	47.3 %	48.8 %
						Gearing	130.4 %	129.3 %	51.6 %	38.1 %	27.6 %
Valuation multiples	2019	2020	2021	2022e	2023e						
EV/S	0.5	0.5	1.9	1.4	1.3						
EV/EBITDA (adj.)	3.9	3.3	13.3	9.2	8.5						
EV/EBIT (adj.)	10.0	5.0	18.2	13.7	12.1						
P/E (adj.)	0.0	0.0	27.4	15.9	14.7						
P/B	0.0	0.0	2.5	1.8	1.7						
Dividend-%			1.2 %	2.2 %	2.5 %						

Source: Inderes

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

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

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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 €



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