

Sitowise

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Hyvä suoritus alkuvuoteen" published on 5/11/2023 at 8:24 am

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Year started with good performance

We reiterate our Accumulate recommendation for Sitowise while lowering our target price to EUR 5.10 (previously EUR 5.40) after the Q1 result. As a whole, the Q1 report was better than we expected, but the outlook kept our estimates almost unchanged and fewer working days in the upcoming quarters makes an earnings improvement difficult. The guidance remained unchanged and appears good for growing businesses, although inflation and a slowdown in construction increase uncertainty in certain areas. This year, earnings growth will be moderate, but it creates a basis for the development in coming years. We still find the valuation attractive given Sitowise's potential and current performance level.

Profitable growth in Q1

Sitowise's net sales increased by 14% to some EUR 56.0 million year-on-year, exceeding our EUR 52.2 million estimate. Most of the growth came from acquisitions, but organic net sales also grew by about 4% in the quarter. One more working day in the quarter also supported reported net sales by 2%. The order book remained at a strong level of EUR 176 million, up 2% year-on-year. Adjusted EBITA rose by 27% from the comparison period to EUR 6.6 million (Q1'22: 5.2 MEUR), clearly exceeding our estimate (5.1 MEUR). The EBITA margin rose to a strong level of 11.8% (Q1'22: 10.6%). Strong net sales growth, increased working hours and better project mix increased profitability. Costs that increased with inflation partly weakened profitability with higher personnel activities, and the billing ratio was also lower in Q1 (74.4%) than one year ago (75.7%).

No significant changes to our estimates

Sitowise still expects net sales to grow in 2023 in euros, with an adjusted EBITA margin at around the 2022 level (2022: 10.0%). The market outlook is uncertain in Finland and slightly softer than before in Sweden, but the order backlog that is growing by some 2%, good pull on the infrastructure market and demand for digital solutions support the growth outlook together with the company's active acquisition rate. We now expect net sales in 2023 to grow by around 6% to EUR 218 million, supported by inorganic growth. We expect adjusted EBITA to increase by 8% to EUR 22 million and the margin to be 10.1% (2022: 10.0%). After 2023, we expect growth to remain good (24-26e average: 4%) thanks to Sitowise's digitalization expertise, completed growth investments and an increase in the penetration rate of consulting. We expect earnings growth to strengthen clearly (EBITA growth 24-26e average: +11%). Estimate risks are elevated by uncertainty in market demand, inflation challenges and tightening competition.

Upside in valuation in the already weaker 2023

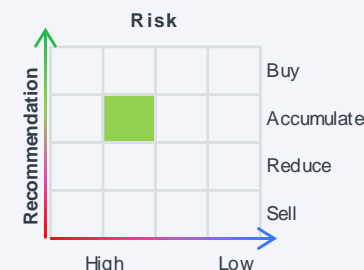
Sitowise's profitability is not at its best and the market environment has deteriorated, but the valuation remains attractive for 2023 (EV/EBITDA: 8x, P/E: 14x). At the mid point of our valuation range (EV/EBITDA: 8-10x, P/E: 14-18x) the share has an upside of over 10%. We believe the earnings level for 2023 is below the sustainable earnings level. For the next few years, the valuation falls to very attractive (24-25e: P/E: 9x, EV/EBITDA: 6x). The expected return is also boosted by the dividend yield that has risen to around 3%. The valuation of the peer group has also risen clearly recently, while Sitowise's share price has been stagnant. For 2023 Sitowise is already value 20% below the peers while we believe Sitowise should be at least in line with the peers. The value of our DCF calculation (EUR 5.5) is also higher than the current share price, which supports our recommendation.

Recommendation

Accumulate
(previous Accumulate)

EUR 5.10
(previous EUR 5.40)

Share price:
4.40



Key figures

	2022	2023e	2024e	2025e
Revenue	204.4	217.6	226.7	235.3
growth-%	14%	6%	4%	4%
EBIT adj.	17.5	17.7	23.9	26.8
EBIT-% adj.	8.5 %	8.1 %	10.5 %	11.4 %
Net Income	7.8	11.2	15.9	18.2
EPS (adj.)	0.34	0.32	0.45	0.51

P/E (adj.)	15.0	14.0	9.8	8.6
P/B	1.6	1.3	1.2	1.0
Dividend yield-%	1.9 %	2.7 %	3.2 %	4.1 %
EV/EBIT (adj.)	15.4	13.2	9.2	7.6
EV/EBITDA	11.3	8.2	6.4	5.6
EV/S	1.3	1.1	1.0	0.9

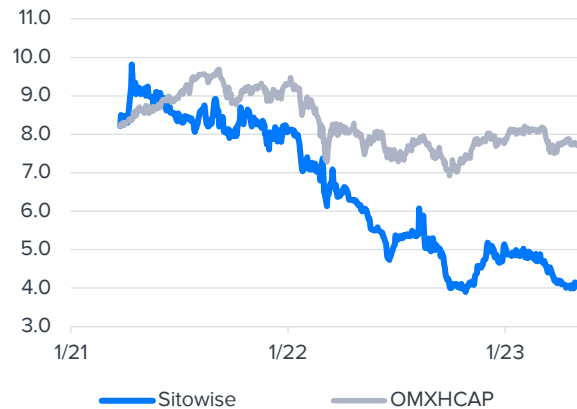
Source: Inderes

Guidance

(Unchanged)

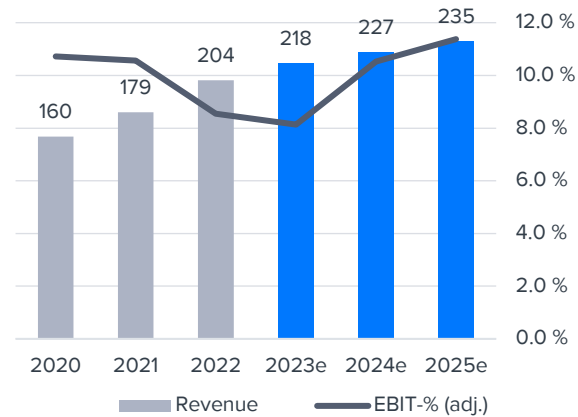
Sitowise Group estimates that its net sales in euros will increase (2022: 204 MEUR), and that its adjusted EBITA margin (%) will be broadly at the same level as the adjusted EBITA margin of 2022. 10.0%).

Share price



Source: Millstream Market Data AB

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



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	4.40	4.40	4.40
Number of shares, millions	35.5	35.5	35.5
Market cap	156	156	156
EV	233	219	205
P/E (adj.)	14.0	9.8	8.6
P/B	1.3	1.2	1.0
EV/Sales	1.1	1.0	0.9
EV/EBITDA	8.2	6.4	5.6
EV/EBIT (adj.)	13.2	9.2	7.6
Payout ratio (%)	38.0 %	31.3 %	35.0 %
Dividend yield-%	2.7 %	3.2 %	4.1 %

Source: Inderes

Strong growth and profitability

Net sales are growing well

Sitowise's net sales increased by 14% to some EUR 56.0 million year-on-year, exceeding our EUR 52.2 million estimate. Most of the growth came from acquisitions, but organic net sales also grew by about 4% in the quarter. One more working day in the quarter also supported net sales. By business line, Digital Solutions (+70%) continued to show very strong growth and in Sweden, net sales growth (19%) was supported the market being stronger than in Finland. The Buildings business no longer offered growth (+0%) but growth was still strong in the Infrastructure business (+11%).

The order book remained at a good level of EUR 176 million, up 2% year-on-year. Growth has, however, slowed down as expected, as the number of acquisitions has decreased and the market outlook is blurrier.

Profitability improved against expectations

Adjusted EBITA rose by 27% from the comparison period to EUR 6.6 million (Q1'22: 5.2 MEUR), clearly exceeding our estimate (5.1 MEUR). The EBITA margin rose to 11.8% (Q1'22: 10.6%). Strong net sales growth, increased working hours and better project mix increased profitability. Costs that increased with inflation partly weakened profitability with higher personnel activities, and the billing ratio was also lower in Q1 (74.4%) than one year ago (75.7%). This was due to the weakness of the Buildings business and the rise in Digital solutions' net sales share (lower billing ratio in business). Figures reported in the lower lines were also clearly better, in line with the figures in the top line.

Guidance unchanged

Sitowise expects net sales to grow in 2023 in euros, with an adjusted EBITA margin at around the 2022 level (2022: 10.0%). In the outlook, the Swedish market also starts to face softening and rising price

competition because of the weaker housing market. Uncertainty in the Finnish construction market is also reflected in the Buildings business. In the Buildings business, the most challenging new housing construction segment is responsible for about 10% of the company's net sales and other new construction for some 10%. Other new construction performs better, and renovation supports the business in Building activities in these challenging times.

To counterbalance the challenges in housing construction the development of Infrastructure has been strong and the outlook has improved. According to the company, the order backlog was growing in the business area. Digital solutions are also growing strongly, especially through acquisitions. In terms of profitability, we expect that inflation pressures (wage pressures) and the weak Buildings market still depress profitability and fewer working days will be reflected in net sales and earnings (Q2,Q3,Q4).

Estimates	Q1'22	Q1'23	Q1'23e	Q1'23e	Consensus	Difference (%)	2023e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	49.2	56.0	52.2				218
EBITA (adj.)	5.2	6.6	5.1				22.0
EBIT	2.9	5.5	4.1				17.6
PTP	1.5	4.4	3.2				14.0
EPS (reported)	1.14	0.10	0.07				0.32
Revenue growth-%	15.0 %	13.8 %	6.1 %				6.4 %
EBITA-% (adj.)	10.6 %	11.8 %	9.8 %				10.1 %

Source: Inderes

No major changes in estimates

Growth remains good in our estimates

We made no significant changes to our estimates. Outlook in the Buildings business and the impact of fewer working days kept our estimates almost unchanged despite the earnings overshoot.

We expect net sales to grow by 6% to around EUR 218 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 in the Buildings business especially in the early part of the year. Acquisitions are expected to support growth by around EUR 10 million in 2023. On this basis, we forecast organic growth at around 1%.

The gradual easing of market challenges (inflation, uncertainty related to construction), better use of

resources, depreciation of front-loaded growth costs and improved billing ratio will, in our opinion, strengthen the preconditions for the operating result improving. However, in 2023 these effects will still be moderate. We predict that the adjusted EBITA for 2023 will rise to EUR 22.0 million and that the margin will be 10.1% (2022: 10.0%).

For 2024, we see growth slowing to 4% and to get some support from inorganic growth. We expect, however, the market to pick up and offer clearly better preconditions for organic growth than in 2023. 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 do not 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 (24-26e: 4%) 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 (average EBITA growth 24-26e: +11%).

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	217	218	0%	229	227	-1%	239	235	-1%
EBITDA	28.3	28.5	1%	34.2	34.1	0%	36.2	36.3	1%
EBITA (oik.)	22.1	22.0	0%	25.6	25.6	0%	28.3	28.5	1%
EBITA	20.9	20.7	-1%	25.6	25.6	0%	28.3	28.5	1%
PTP	14.5	14.1	-3%	20.7	20.1	-3%	23.4	23.0	-2%
EPS (excl. NRIs)	0.32	0.32	-3%	0.46	0.45	-3%	0.52	0.51	-2%

Valuation 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. However, this is not even close to the company's best profitability and the market environment has also become weaker, which led us to lower our range by a notch. Our acceptable valuation range for Sitowise is: P/E 14-18x and EV/EBITDA: 8-10x.

We are relying below the mid point of our acceptable range due to increased market risks. 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

Sitowise's valuation is still attractive for 2023 (EV/EBITDA: 8x, P/E: 14x). At the mid point of our acceptable valuation range (EV/EBITDA: 8-10x, P/E: 14-18x) the share has an upside of over 10%. We believe the earnings level for 2023 is below the sustainable earnings level. For the next few years, the valuation falls to very attractive (24-25e: P/E: 9x, EV/EBITDA: 6x). The expected return is also boosted by the dividend yield that has risen to around 3%. The value indicated by the absolute multiples decreased with the changes, which explains the drop in our target price.

Peer group valuation

The valuation of the peer group has risen clearly while Sitowise's valuation has fallen or remained stagnate. We feel the 2023 median valuations of the peers (P/E: 19x, EV/EBITDA: 10x) have already reached a highish level but are reasonably in line with history. However, Sitowise is currently valued 20% below the peers in 2023. We believe it is justified to price Sitowise at least on par with the peer group due to the combination of historical profitability and future growth.

DCF valuation

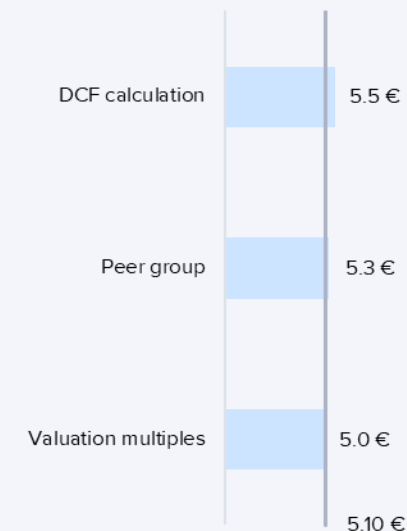
We also use DCF in the valuation. The value indicated by the DCF (EUR 5.5) is higher than the current share price and our target price. However, due to the company's acquisition-driven growth, our organic growth-based estimates do not necessarily give the best picture of the company's valuation.

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 low, although we have raised it recently as market risks have grown. However, we consider Sitowise's 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	4.40	4.40	4.40
Number of shares, millions	35.5	35.5	35.5
Market cap	156	156	156
EV	233	219	205
P/E (adj.)	14.0	9.8	8.6
P/B	1.3	1.2	1.0
EV/Sales	1.1	1.0	0.9
EV/EBITDA	8.2	6.4	5.6
EV/EBIT (adj.)	13.2	9.2	7.6
Payout ratio (%)	38.0 %	31.3 %	35.0 %
Dividend yield-%	2.7 %	3.2 %	4.1 %

Source: Inderes

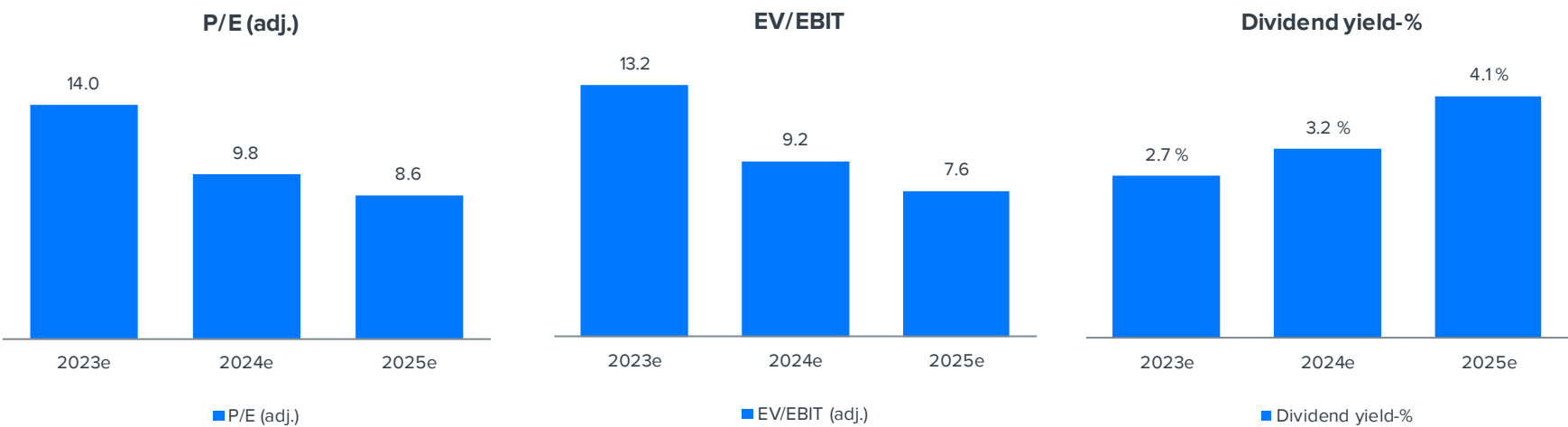
Target price formation



Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price				8.05	5.14	4.40	4.40	4.40	4.40
Number of shares, millions				35.4	35.5	35.5	35.5	35.5	35.5
Market cap				285	182	156	156	156	156
EV				345	268	233	219	205	191
P/E (adj.)				27.4	15.0	14.0	9.8	8.6	8.1
P/B				2.5	1.6	1.3	1.2	1.0	1.0
EV/Sales				1.9	1.3	1.1	1.0	0.9	0.8
EV/EBITDA				13.3	11.3	8.2	6.4	5.6	5.1
EV/EBIT (adj.)				18.2	15.4	13.2	9.2	7.6	6.8
Payout ratio (%)				45.2 %	45.2 %	38.0 %	31.3 %	35.0 %	37.0 %
Dividend yield-%				1.2 %	1.9 %	2.7 %	3.2 %	4.1 %	4.6 %

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	4326	4648	20.7	18.8	16.0	14.7	25.6	23.1	2.1	2.3	4.4
Rejlers AB	277	312	13.2	11.8	8.2	7.5	15.6	13.8	2.8	3.1	2.0
WSP Global Inc	15234	17585	22.9	20.0	14.1	12.8	27.6	24.0	0.8	0.8	3.5
Solwers Oyj		72	16.0	14.0	10.0	9.0					
Etteplan Oyj	410	481	19.4	14.6	9.5	8.9	18.3	16.7	2.7	3.0	3.5
Arcadis NV	3549	4539	12.5	11.4	9.1	8.6	14.8	13.0	2.5	2.8	2.9
Sitowise (Inderes)	156	233	13.2	9.2	8.2	6.4	14.0	9.8	2.7	3.2	1.3
Average			17.5	15.1	11.1	10.3	20.4	18.1	2.2	2.4	3.2
Median			17.7	14.3	9.7	9.0	18.3	16.7	2.5	2.8	3.5
Diff-% to median			-26%	-36%	-16%	-28%	-24%	-41%	11%	15%	-64%

Source: Refinitiv / Inderes

Income statement

Income statement	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	160.1	179.3	49.2	51.7	45.9	57.6	204.4	56.1	54.9	47.2	59.4	217.6	226.7	235.3	243.6
EBITDA	26.3	25.8	5.4	5.2	6.5	6.7	23.8	8.5	6.1	6.3	7.6	28.5	34.1	36.3	37.2
Depreciation	-8.0	-9.4	-2.5	-2.5	-2.7	-2.9	-10.6	-3.0	-2.6	-2.6	-2.7	-10.8	-10.3	-9.6	-8.9
EBITA (adj.)	20.6	21.1	5.2	4.9	4.9	5.3	20.4	6.6	4.6	4.8	6.0	22.0	25.6	28.5	30.0
EBITA	19.5	18.6	3.5	3.3	4.5	4.7	16.1	6.2	4.3	4.5	5.7	20.7	25.6	28.5	30.0
EBIT	18.3	16.4	2.9	2.7	3.7	3.8	13.2	5.5	3.6	3.7	4.9	17.7	23.9	26.8	28.3
Net financial items	-2.4	-6.1	-1.4	-0.3	-0.4	-0.7	-2.9	-1.1	-0.8	-0.8	-0.9	-3.6	-3.8	-3.8	-3.8
PTP	15.9	10.3	1.5	2.4	3.3	3.0	10.3	4.4	2.8	2.9	4.0	14.1	20.1	23.0	24.5
Taxes	-3.2	-2.4	-0.4	-0.8	-0.5	-0.6	-2.4	-0.9	-0.6	-0.6	-0.8	-2.9	-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	0.0	-0.1	-0.1	-0.1
Net earnings	12.6	7.8	1.1	1.5	2.8	2.4	7.8	3.5	2.2	2.3	3.2	11.2	15.9	18.2	19.4
EPS (adj.)	0.33	0.29	0.08	0.09	0.09	0.08	0.34	0.10	0.06	0.07	0.09	0.32	0.45	0.51	0.55
EPS (rep.)	0.36	0.22	0.03	0.04	0.08	0.07	0.22	0.10	0.06	0.07	0.09	0.32	0.45	0.51	0.55

Key figures	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	11.9 %	12.0 %	15.0 %	11.2 %	16.0 %	14.1 %	14.0 %	13.9 %	6.2 %	2.8 %	3.1 %	6.4 %	4.2 %	3.8 %	3.5 %
Adjusted EBITA growth-%		2.4 %	10.8 %	-17.0 %	0.6 %	-5.2 %	-3.6 %	27.0 %	-7.1 %	-3.3 %	13.6 %	7.9 %	16.4 %	11.3 %	5.2 %
Adjusted EBITA-%	12.9 %	11.8 %	10.6 %	9.5 %	10.7 %	9.2 %	10.0 %	11.8 %	8.3 %	10.1 %	10.2 %	10.1 %	11.3 %	12.1 %	12.3 %
Net earnings-%	7.9 %	4.4 %	2.3 %	2.9 %	6.1 %	4.2 %	3.8 %	6.2 %	4.0 %	4.9 %	5.4 %	5.2 %	7.0 %	7.7 %	8.0 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	177	202	200	197	196
Goodwill	135	158	158	158	158
Intangible assets	7.5	10.2	7.2	4.3	2.6
Tangible assets	31.4	31.8	32.0	32.6	32.8
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	89.0	105	123
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	65.3	68.0	70.6
Cash and equivalents	19.4	15.4	23.7	37.5	52.1
Balance sheet total	250	281	289	303	319

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	115	117	125	136	149
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	18.8	23.4	31.1	42.8	56.0
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	91.6	91.6	91.6
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	90.0	90.0	90.0
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	72.6	75.1	77.5
Short term debt	7.6	7.9	10.0	10.0	10.0
Payables	51.0	59.6	60.9	63.5	65.9
Other current liabilities	3.7	1.6	1.6	1.6	1.6
Balance sheet total	250	281	289	303	319

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	14.0 %	6.4 %	4.2 %	3.8 %	3.5 %	3.0 %	4.0 %	2.5 %	2.0 %	2.0 %	1.0 %	1.0 %
EBIT-%	6.4 %	8.1 %	10.5 %	11.4 %	11.6 %	11.0 %	10.5 %	10.5 %	10.0 %	10.0 %	10.0 %	10.0 %
EBIT (operating profit)	13.2	17.7	23.9	26.8	28.3	27.6	27.4	28.1	27.4	27.9	28.2	
+ Depreciation	10.6	10.8	10.3	9.6	8.9	8.5	8.3	8.2	8.1	8.0	8.0	
- Paid taxes	-2.2	-2.9	-4.1	-4.7	-5.0	-4.8	-4.8	-5.0	-4.8	-4.9	-5.0	
- Tax, financial expenses	-0.7	-0.7	-0.8	-0.8	-0.8	-0.8	-0.8	-0.7	-0.7	-0.7	-0.7	
+ 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	23.8	29.1	30.7	31.3	30.4	29.9	30.4	29.8	30.2	30.4	
+ 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	15.8	21.1	22.7	23.3	22.4	21.9	22.4	21.8	22.2	22.4	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-18.2	15.8	21.1	22.7	23.3	22.4	21.9	22.4	21.8	22.2	22.4	307
Discounted FCFF		15.0	18.5	18.4	17.4	15.4	13.9	13.1	11.8	11.1	10.3	142
Sum of FCFF present value		286	271	253	235	217	202	188	175	163	152	142
Enterprise value DCF		286										
- Interesting bearing debt		-101.0										
+ Cash and cash equivalents		15.4										
-Minorities		-0.3										
-Dividend/capital return		-3.6										
Equity value DCF		197										
Equity value DCF per share		5.5										
Cash flow distribution												
			2023e-2027e									30%
			2028e-2032e									21%
			TERM									49%
■ 2023e-2027e ■ 2028e-2032e ■ TERM												
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

Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	160.1	179.3	204.4	217.6	226.7	EPS (reported)	0.36	0.22	0.22	0.32	0.45
EBITDA	26.3	25.8	23.8	28.5	34.1	EPS (adj.)	0.33	0.29	0.34	0.32	0.45
EBIT	18.3	16.4	13.2	17.7	23.9	OCF / share	0.79	0.50	0.50	0.67	0.82
PTP	15.9	10.3	10.3	14.1	20.1	FCF / share	-0.15	-0.23	-0.51	0.44	0.59
Net Income	12.7	7.8	7.8	11.2	15.9	Book value / share	1.90	3.24	3.29	3.50	3.82
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	288.7	302.9	Revenue growth-%	12%	12%	14%	6%	4%
Equity capital	66.9	114.9	116.9	124.5	136.2	EBITDA growth-%	36%	-2%	-8%	20%	20%
Goodwill	118.1	135.2	157.6	157.6	157.6	EBIT (adj.) growth-%	130%	10%	-8%	1%	35%
Net debt	86.5	59.3	85.6	76.3	62.5	EPS (adj.) growth-%	144%	-10%	16%	-8%	42%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	16.4 %	14.4 %	11.6 %	13.1 %	15.1 %
EBITDA	26.3	25.8	23.8	28.5	34.1	EBIT (adj.)-%	10.7 %	10.6 %	8.5 %	8.1 %	10.5 %
Change in working capital	2.1	-3.2	-3.0	-1.1	-0.2	EBIT-%	11.4 %	9.1 %	6.4 %	8.1 %	10.5 %
Operating cash flow	27.9	17.7	17.9	23.8	29.1	ROE-%	20.4 %	8.6 %	6.8 %	9.3 %	12.2 %
CAPEX	-33.1	-25.8	-36.1	-8.0	-8.0	ROI-%	11.7 %	9.0 %	6.4 %	8.0 %	10.4 %
Free cash flow	-5.1	-8.2	-18.2	15.8	21.1	Equity ratio	30.2 %	46.0 %	41.6 %	43.1 %	45.0 %
						Gearing	129.3 %	51.6 %	73.2 %	61.2 %	45.9 %
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	8.2	6.4						
EV/EBIT (adj.)	5.0	18.2	15.4	13.2	9.2						
P/E (adj.)	0.0	27.4	15.0	14.0	9.8						
P/B	0.0	2.5	1.6	1.3	1.2						
Dividend-%		1.2 %	1.9 %	2.7 %	3.2 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
29-03-21	Reduce	8.60 €	8.50 €
20-05-21	Accumulate	9.30 €	8.78 €
26-08-21	Accumulate	9.30 €	8.27 €
11-11-21	Accumulate	9.30 €	8.33 €
03-03-22	Accumulate	7.60 €	6.50 €
04-05-22	Accumulate	7.20 €	6.05 €
19-05-22	Buy	7.20 €	5.74 €
18-08-22	Accumulate	6.50 €	5.50 €
27-10-22	Buy	5.50 €	3.90 €
02-11-22	Buy	5.50 €	4.15 €
29-11-22	Accumulate	5.50 €	4.75 €
01-03-23	Accumulate	5.40 €	4.89 €
10-05-23	Accumulate	5.10 €	4.40 €



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