

Koskisen

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Arvostus on jäänyt laahaamaan turhan alas” published on 8/28/2023 at 7:31 am EEST

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Valuation is lagging at a low level

We raise our target price for Koskisen to EUR 7.50 (previously EUR 6.75) and reiterate our Accumulate recommendation. Koskisen's Q2 report was better than we expected and we raised our estimates clearly for the near future, as the Panel Industry continues to perform strongly and the Sawn Timber Industry has repeatedly achieved better results than the competitors. In the current situation, the share cannot be priced at particularly high multiples, but Koskisen's valuation is very moderate, especially on EV basis. Thus, we consider the share's risk/return ratio attractive. A driver for the valuation could be the positive earnings revision which we expect from the company in Q4.

Business development was twofold also in Q2

In Q2, Koskisen's EUR 74 million revenue generated an adjusted EBITDA of EUR 13.7 million. The result fell from the record strong comparison period as expected but exceeded our estimates in both businesses. As expected, the Panel Industry was the star with a very high EBITDA margin of close on 27% in a favorable market, but the Sawn Timber Industry also fared better than many peers in Q2 and was able to support EBITDA accumulation despite the weak market. We commented on the result in more detail on Friday [here](#).

Estimates continued uphill; we expect a positive earnings revision later in the year

Koskisen repeated the guidance given in the prospectus, where it expects that its 2023 revenue will not exceed the 2022 level (2022 revenue 318 MEUR), and its adjusted EBITDA margin is 12-14%. Repeating the guidance at this stage of the year was expected, but very good development under H1 conditions (H1: adj. EBITDA-% 18%) has created a strong basis for exceeding the guidance, although there are still uncertainties about H2. In the Panel Industry, the war-based supply disruption in the European birch plywood market is unlikely to be resolved quickly and therefore no short-term downward driver is found for the high margins. However, in the longer term, we are somewhat skeptical about maintaining existing margin levels in the Panel Industry. In the Sawn Timber Industry, the outlook is still difficult as construction is weak and prices are down but, on the other hand, we feel the risk of a stronger headwind is low, as the inventory problem is over in the segment and the current price level forces many producers to restrict production to prevent burning cash. In fact, we increased Koskisen's estimates at EBITDA level by 12-25% for the next few years. Our 2023 EBITDA margin estimate is 16%, so we expect the company to issue a positive earnings revision in the fall or early winter. In the next few years, we expect Koskisen's operating result to decrease especially from the peak level of 2022, but at the same time, the quality of the result will improve.

The share is clearly undervalued, although acceptable multiples do not rise particularly high

Koskisen's 2023 and 2024 EV/EBITDA ratios that consider the strong balance sheet are around 3x and the P/B ratio for 2023 is 0.9x. We expect dividend income for the next few years to be some 5%. The multiples are close to the middle of the multiple ranges (EV/EBITDA 3.5x -6.5x and P/B 0.7x-1.3x) we accept that consider the company's estimated return on capital and risk profile. Even with conservative long-term parameters, the DCF value is also quite well above the current share price level. Thus, we believe that the low valuation already forms a rather attractive risk/return ratio (incl. upside if expectations are exceeded and support levels against disappointment). Thus, we believe that a positive view is justified, although the declining result trend based on our neutral scenario, the structure of the current result and industry valuations do not favor particularly high multiples for the share.

Recommendation

Accumulate

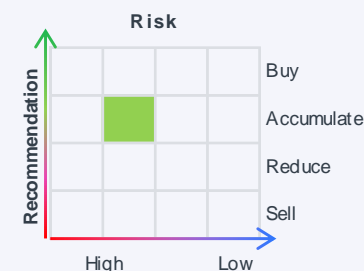
(previous Accumulate)

EUR 7.50

(previous EUR 6.75)

Share price:

6.40



Key figures

	2022	2023e	2024e	2025e
Revenue	317.7	290.2	307.0	307.0
growth-%	2%	-9%	6%	0%
EBIT adj.	58.5	37.5	28.9	23.0
EBIT-% adj.	18.4 %	12.9 %	9.4 %	7.5 %
Net Income	39.8	29.5	21.1	16.8
EPS (adj.)	1.74	1.28	0.92	0.73

P/E (adj.)	3.6	5.0	7.0	8.8
P/B	1.1	0.9	0.9	0.8
Dividend yield-%	6.9 %	5.5 %	4.7 %	4.7 %
EV/EBIT (adj.)	2.0	3.4	4.5	5.1
EV/EBITDA	1.8	2.7	3.1	3.2
EV/S	0.4	0.4	0.4	0.4

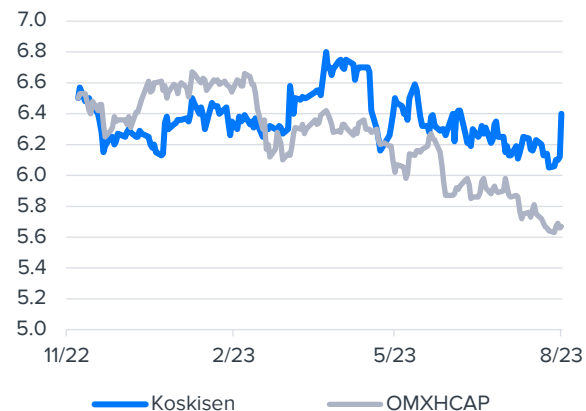
Source: Inderes

Guidance

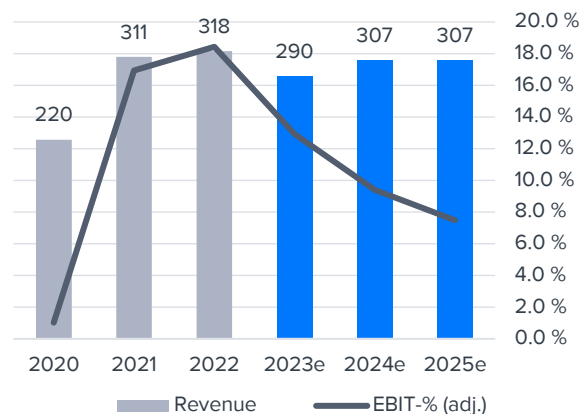
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Koskisen expects that its revenue in 2023 will not exceed the 2022 level and its adjusted EBITDA will be 12-14%.

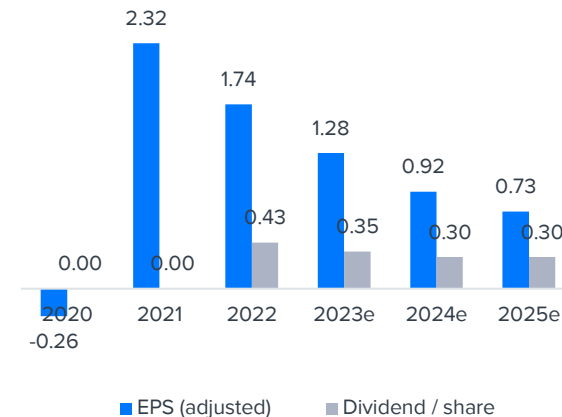
Share price



Revenue and EBIT-%



EPS and dividend



Value drivers

- Healthy long-term demand trends
- Increasing exports
- Improvement potential in the normalized profitability level
- Business generates value (ROIC>WACC) in a favorable cycle



Risk factors

- Cyclical demand
- Tight competition situation in the sawmill industry
- Bulky end products offer little room for differentiation Price is the main differentiation factor and thus demand is market driven
- Success in exports

Valuation	2023e	2024e	2025e
Share price	6.40	6.40	6.40
Number of shares, millions	23.0	23.0	23.0
Market cap	147	147	147
EV	126	130	117
P/E (adj.)	5.0	7.0	8.8
P/E	5.0	7.0	8.8
P/FCF	40.8	24.9	6.8
P/B	0.9	0.9	0.8
P/S	0.5	0.5	0.5
EV/Sales	0.4	0.4	0.4
EV/EBITDA	2.7	3.1	3.2
EV/EBIT (adj.)	3.4	4.5	5.1
Payout ratio (%)	27.3 %	32.7 %	41.2 %
Dividend yield-%	5.5 %	4.7 %	4.7 %

Source: Inderes

Our estimates were too pessimistic again

Revenue slightly below our estimate

Koskisen had not disclosed comparison figures before the Q2 report, but it was known that the figures reached during the hottest phase of the sawmill cycle were very strong and the report revealed that Q2'22 was Koskisen's quarterly record for earnings. In Q2, Koskisen's revenue decreased by 22% to EUR 74 million, which was slightly below our estimates. Volumes fell quite markedly in both businesses and timber prices also declined in a weak sawmill business cycle. The record high prices due to the supply disruption in birch plywood caused by the war pushed the Panel Industry to expected growth.

Both divisions exceeded our expectations

Koskisen's adjusted EBITDA was EUR 13.7 million in Q2. Operating profit fell by more than 50% from the fierce level of the comparison period but was still well

above our estimate. As expected, the order intake was mixed as Panel Industry generated a record result supported by high prices and slightly exceeded our expectations. As in Q4'22 and Q1'23, Sawn Timber Industry clearly outperformed many of its peers in Q2. Thus, despite the weak price level (especially softwood logs) and inflation, the unit was able to support the consolidated result with an EBITDA of EUR 1.7 million, which exceeded our estimate more modestly. The result from other operations was in line with our expectations at zero. In the consolidated income statement, the change in the fair value of forest assets and other income were slightly higher than we expected, so some of the overshoot could be contributed to somewhat soft factors. The level of allowance sales was in line with our expectations.

On the lower lines, depreciation and the tax rate

were broadly in line with our expectations, while financial charges were against our expectations and probably exceptionally positive. Through these, EPS exceeded our estimate and stood at EUR 0.43.

Balance sheet is still very strong

Koskisen's cash flow was positive in Q2 after the sluggish Q1, which probably reflects normal seasonal factors. Koskisen was able to keep its inventories at the normal level, even though the demand situation in the Sawn Timber Industry is likely to make inventory management challenging. Cash flow after investments was also positive, although investments in the new unit in Järvelä that started production at the beginning of July (ramp-up has gone smoothly) continued in Q2. Due to the recent strong results and the IPO, Koskisen's balance sheet is in very good condition, as the leverage at the end of Q2 was -8% (Q2'22: net leverage 25%).

Estimates	Q2'22	Q2'23	Q2'23e	Q2'23e	Consensus		Difference (%)	2023e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	73.9	73.9	75.6				-2%	290
EBITDA (adj.)	28.1	13.7	9.9				39%	47.0
EBIT	28.0	11.7	7.9				49%	37.5
PTP	27.2	12.3	7.3				69%	36.2
EPS (adj.)	0.95	0.43	0.25				69%	1.28
Revenue growth-%		0.0 %	2.3 %				-2.3 pp	2.0 %
EBITDA -% (adj.)	38.0 %	18.5 %	13.1 %				5.5 pp	16.2 %

Source: Inderes

We expect a positive earnings revision later in the year

Guidance looks very cautious

Koskisen repeated the guidance given in the prospectus, where it expects that its 2023 revenue will not exceed the 2022 level (2022 revenue 318 MEUR), and its adjusted EBITDA margin is 12-14%. Repeating the guidance at this stage of the year was quite expected. H1 was strong relative to the guidance (H1: adj. EBITDA-% 18%), which is why the guidance seems very cautious, although uncertainties, especially when looking into Q4, are still elevated. However, Q3 should have moderate visibility and there seems to be no major changes in the operating environment in either direction.

As far as the market is concerned, the situation remains twofold. In the Panel Industry, the war-based supply disruption in the European birch plywood market is unlikely to be resolved quickly and therefore no short-term downward driver is found for the high prices/margins. On the other hand, in Q1 and Q2, the volumes of the Panel Industry decreased and prices rose, which we believe reflects a certain

fragility, although some of the volume decrease may be explained by the optimization of Koskisen's product mix (i.e., production of products with higher margins that generate less cubic meters). In the longer term, we are still somewhat skeptical about the maintenance of existing price and especially margin levels as we believe that the worst undersupply will be resolved in the medium term with new investments and replacement products (e.g. eucalyptus and blended plywood).

In the Sawn Timber Industry, the outlook is still difficult as construction is weak and prices are down. For the Sawn Timber Industry, we estimate that an improvement in the global market situation would require a pick-up in demand (i.e. construction), as supply seems sufficient. The positive aspect of the sawn timber market is that the inventory problem in value chains has largely been solved and the negative profitability of the weakest players do not, in our opinion, enable significant decreases in the price levels.

Our estimates continued to rise

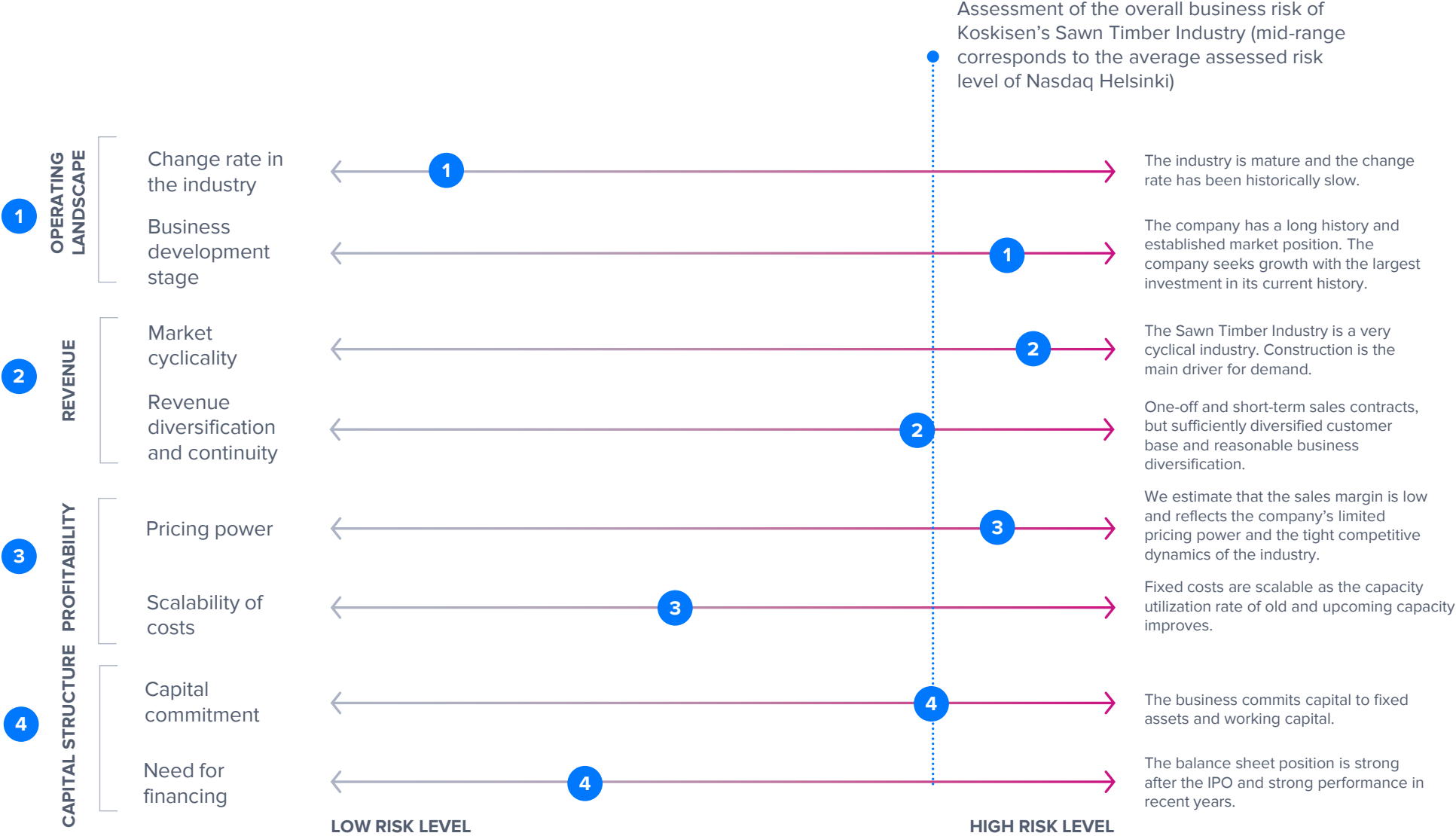
We again raised Koskisen's estimates at EBITDA level by 12-25% for the next few years, thanks to the better-than-expected Q2 report. Our 2023 estimate is clearly above the guidance range in terms of profitability, although we expect H2 to be weaker than H1 (incl. quiet July and December in H2).

Despite the estimate hikes, we expect Koskisen's operating result to fall gradually from the top levels of 2022 when approaching the middle of the decade. At the same time, the quality of the result improves, as in our estimates earnings are generated at a higher volume and greater efficiency while recently the performance has relied on high prices, which the company has limited influence on. The main two-way risks associated with our estimates are the normalization of the birch plywood market, the development of global construction, tighter competition and inflation.

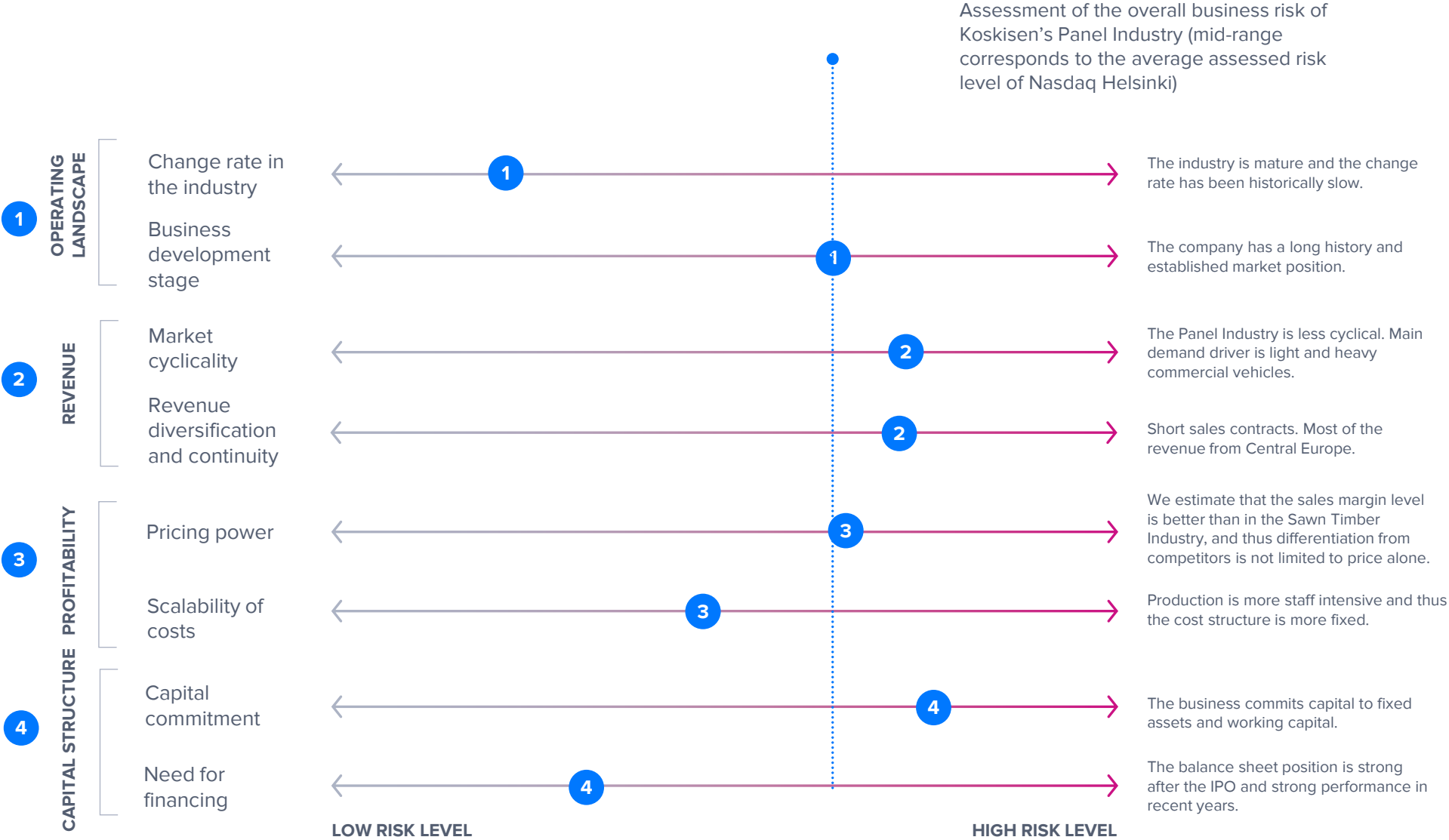
Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	296	290	-2%	301	307	2%	312	307	-2%
EBITDA	42.1	47.0	12%	33.5	41.8	25%	30.2	36.8	22%
EBIT (excl. NRIs)	32.6	37.5	15%	21.5	28.9	35%	18.2	23.0	27%
EBIT	32.6	37.5	15%	21.5	28.9	35%	18.2	23.0	27%
PTP	30.1	36.2	20%	19.0	26.4	39%	16.2	21.0	30%
EPS (excl. NRIs)	1.07	1.28	20%	0.66	0.92	39%	0.56	0.73	30%
DPS	0.32	0.35	9%	0.25	0.30	20%	0.20	0.30	50%

Source: Inderes

Risk profile of Koskisen' Sawn Timber Industry



Risk profile of the Koskisen's Panel Industry



Risk/return ratio turns to the positive

Main focus on earnings multiples

We focus on earnings-based multiples in Koskisen's valuation. When examining earnings-based multiples, we favor the P/E ratio, as well as EV/EBITDA and EV/EBIT ratios that consider Koskisen's strong balance sheet. We feel acceptable EV/EBITDA ratios for Koskisen are roughly 3.5-6.5x, considering the growth and profitability levels of the business and the risk profile. The acceptable P/E based valuation range is 10x-14x in our opinion. On an annual basis, the multiples may occasionally stretch to a wide range, especially due to the strong cyclicity of the Sawn Timber Industry.

Valuation level is low

With our 2023 and 2024 estimates Koskisen's P/E ratios are 5x and 7x and corresponding EV/EBITDA ratios are around 3x. Thus, the share is priced below the acceptable valuation ranges. Therefore, we already find the valuation attractive especially as we do not feel the estimate risks are negative in the short or longer term. In the downward earnings trend of our neutral scenario, the acceptable valuation is certainly not particularly high, especially in the prevailing interest rate environment, and the quality of the result (i.e. Group result relies on the probably exceptionally high margins of the Panel industry) does not support high multiples either.

Balance sheet-based P/B 0.9x (2023e) is also low, considering that equity only faces fixed assets and working capital items) on the asset side. Therefore, we estimate that the balance sheet value of equity already provides certain support for the share, even though balance sheet valuations below the balance sheet value of equity are no exception in the industry.

The presence of the estimated support levels improves the share's risk/return picture.

Considering this overall picture, we estimate that the expected return consisting of decreased earnings, increase in the acceptable valuation and around 5% dividend yield is already better than the required return for the 12 months. The expected return would turn clearly more positive if Koskisen was able to maintain its profitability closer to the targeted 15% EBITDA than the around 11-14% level we estimate also in the next few years.

In relative terms, the valuation is reasonable and DCF gives a positive signal

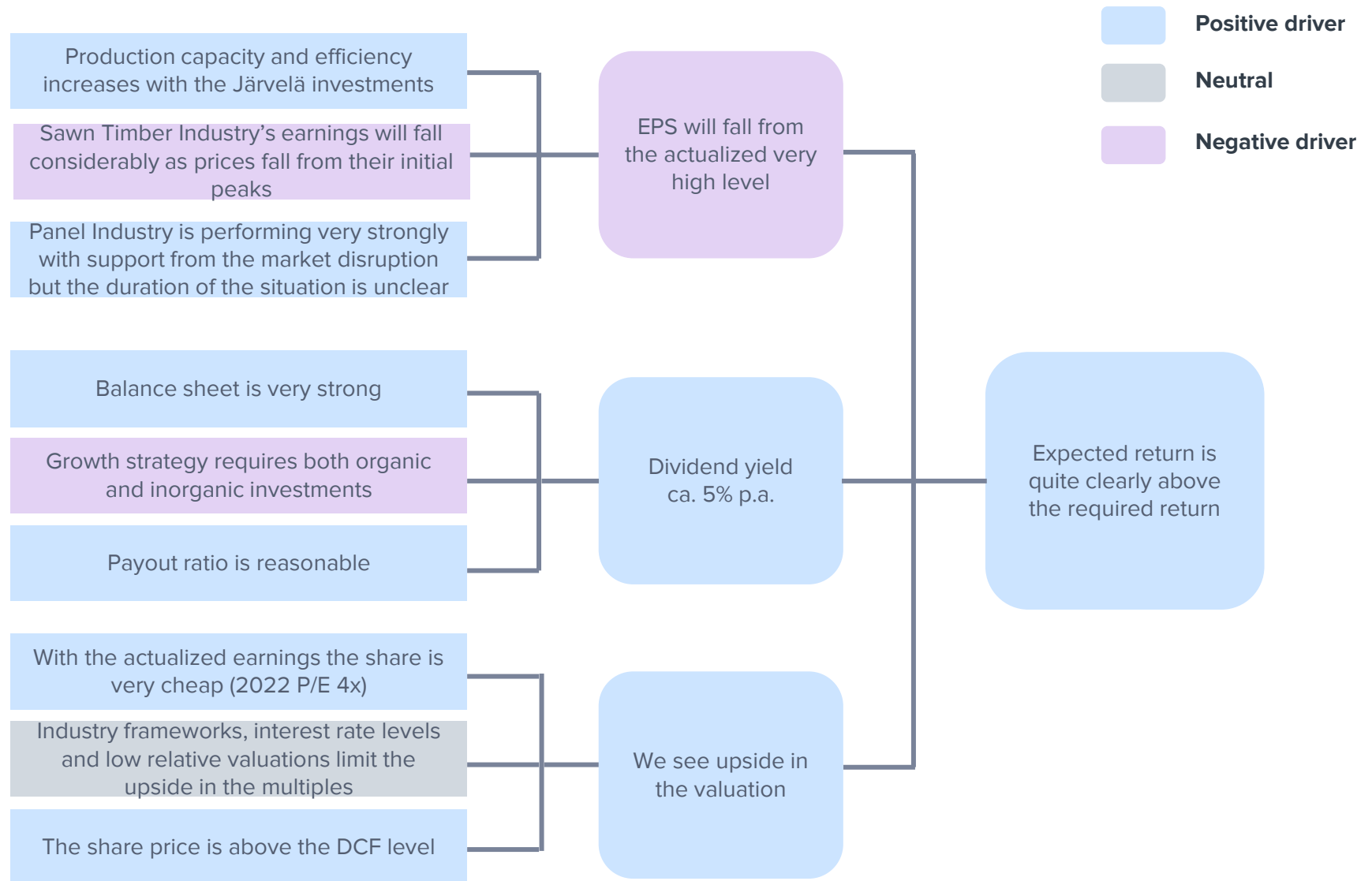
In relative terms, with 2023 and 2024 estimates Koskisen is priced at a discount relative to the loosely connected peer group. However, the valuation difference narrows when we look at next year and, on a balance sheet basis, pricing is neutral. Therefore, we consider the share's relative valuation moderate and, feel the peer group is not priced too high either.

We also give weight to the DCF model in our valuation despite it being sensitive to the variables of the terminal period. According to our DCF model, the share value is around EUR 7.5, which supports our view that the share is priced at an attractive level, which is also indicated by the other methods we use. Our model is also conservative, especially in terms of long-term profitability and required returns compared to the company's current level, although we believe that this is still justified considering the longer-term history of the industries.

Valuation	2023e	2024e	2025e
Share price	6.40	6.40	6.40
Number of shares, millions	23.0	23.0	23.0
Market cap	147	147	147
EV	126	130	117
P/E (adj.)	5.0	7.0	8.8
P/E	5.0	7.0	8.8
P/FCF	40.8	24.9	6.8
P/B	0.9	0.9	0.8
P/S	0.5	0.5	0.5
EV/Sales	0.4	0.4	0.4
EV/EBITDA	2.7	3.1	3.2
EV/EBIT (adj.)	3.4	4.5	5.1
Payout ratio (%)	27.3 %	32.7 %	41.2 %
Dividend yield-%	5.5 %	4.7 %	4.7 %

Source: Inderes

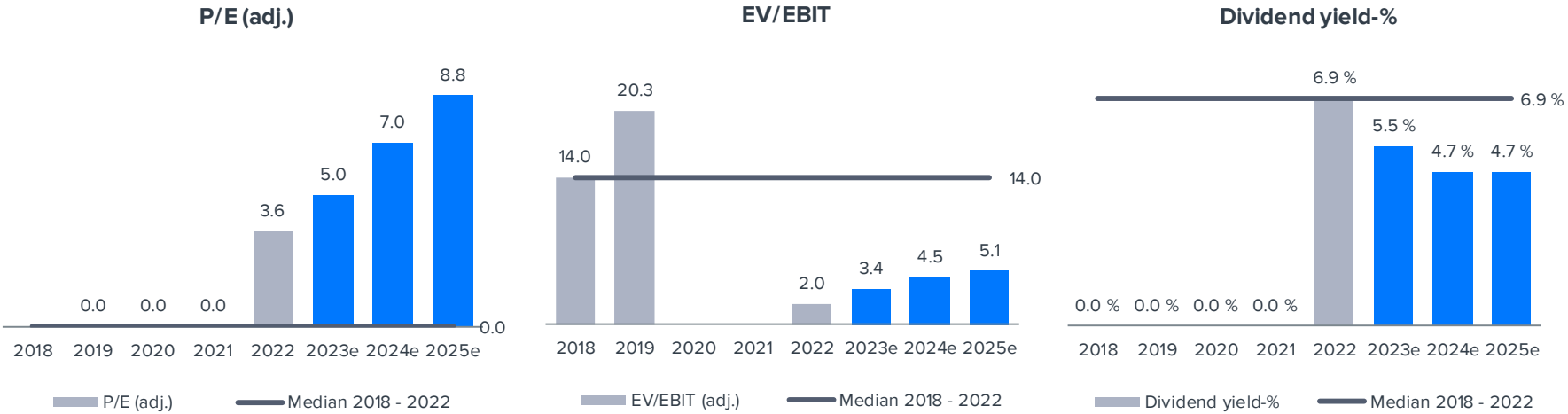
TSR drivers 2022-2025e



Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price					6.28	6.40	6.40	6.40	6.40
Number of shares, millions					23.0	23.0	23.0	23.0	23.0
Market cap					145	147	147	147	147
EV					116	126	130	117	105
P/E (adj.)					3.6	5.0	7.0	8.8	9.1
P/E					3.6	5.0	7.0	8.8	9.1
P/FCF					2.6	40.8	24.9	6.8	7.1
P/B					1.1	0.9	0.9	0.8	0.8
P/S					0.5	0.5	0.5	0.5	0.5
EV/Sales					0.4	0.4	0.4	0.4	0.3
EV/EBITDA					1.8	2.7	3.1	3.2	2.9
EV/EBIT (adj.)					2.0	3.4	4.5	5.1	4.8
Payout ratio (%)					25.1%	27.3%	32.7%	41.2%	42.4%
Dividend yield-%					6.9%	5.5%	4.7%	4.7%	4.7%

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Bergs Timber AB	79	106	22.0	5.3	6.8	3.6	0.4	0.4	20.5	4.7	4.0	6.9	0.5
Interfor Corp	760	1340	20.2	7.6	8.5	4.2	0.6	0.5		8.9			0.6
Boise Cascade	3865	3307	5.9	6.3	4.9	5.2	0.5	0.5	9.1	9.7	2.5	0.6	1.8
West Fraser Timber	5854	5440		9.8	10.0	5.0	0.9	0.8		14.0	1.6	1.7	0.8
Canfor	1576	1627		10.0	15.5	3.6	0.4	0.4		14.3			0.6
Stora Enso	8786	11882	32.7	14.3	11.8	7.9	1.2	1.2	45.6	16.2	3.5	3.9	0.7
STEICO	413	590	20.0	17.4	10.4	9.4	1.6	1.5	23.1	17.7	1.4	1.6	1.4
Koskisen (Inderes)	147	126	3.4	4.5	2.7	3.1	0.4	0.4	5.0	7.0	5.5	4.7	0.9
Average			20.2	10.1	9.7	5.5	0.8	0.8	24.6	12.2	2.6	2.9	0.9
Median			20.2	9.8	10.0	5.0	0.6	0.5	21.8	14.0	2.5	1.7	0.7
Diff-% to median			-83%	-54%	-73%	-38%	-27%	-21%	-77%	-50%	119%	179%	32%

Source: Refinitiv / Inderes

Income statement

Income statement	2021	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	311	318	73.2	73.9	68.1	75.0	290	307	307	311
Sawn Timber Industry	188	166	32.1	29.6	29.1	33.1	124	150	159	166
Panel Industry	123	152	41.1	44.2	39.1	41.9	166	157	148	145
EBITDA	62.2	66.3	12.6	13.8	9.4	11.2	47.0	41.8	36.8	35.6
Depreciation	-9.5	-8.1	-2.0	-2.1	-2.5	-3.0	-9.5	-12.9	-13.8	-13.9
EBIT (excl. NRI)	52.7	58.5	10.7	11.7	6.9	8.2	37.5	28.9	23.0	21.7
EBIT	52.7	58.2	10.7	11.7	6.9	8.2	37.5	28.9	23.0	21.7
Sawn Timber Industry (EBITDA)	50.7	41.6	1.6	1.6	0.0	1.2	4.4	11.0	12.3	15.1
Panel Industry (EBITDA)	14.1	29.3	9.8	12.2	9.5	10.2	41.7	31.0	25.0	21.0
Other	-2.4	-4.3	1.2	-0.1	-0.1	-0.1	0.9	-0.2	-0.5	-0.5
Depriciation	-9.5	-8.1	-2.0	-2.1	-2.5	-3.0	-9.5	-12.9	-13.8	-13.9
Adjustments	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-4.8	-0.4	-0.4	0.6	-0.8	-0.8	-1.3	-2.5	-2.0	-1.4
PTP	47.9	57.8	10.3	12.3	6.1	7.5	36.2	26.4	21.0	20.3
Taxes	-9.4	-11.8	-1.5	-2.5	-1.2	-1.5	-6.7	-5.3	-4.2	-4.1
Minority interest	-9.3	-6.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	29.2	39.8	8.8	9.8	4.9	6.0	29.5	21.1	16.8	16.3
EPS (adj.)	2.32	1.74	0.38	0.43	0.21	0.26	1.28	0.92	0.73	0.71
EPS (rep.)	2.32	1.73	0.38	0.43	0.21	0.26	1.28	0.92	0.73	0.71

Key figures	2021	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	41.5 %	2.1 %	0.0 %	0.0 %	0.0 %	-76.4 %	-8.6 %	5.8 %	0.0 %	1.3 %
EBITDA-%	20.0 %	20.9 %	17.2 %	18.7 %	13.8 %	15.0 %	16.2 %	13.6 %	12.0 %	11.4 %
Adjusted EBIT-%	16.9 %	18.4 %	14.5 %	15.9 %	10.1 %	11.0 %	12.9 %	9.4 %	7.5 %	7.0 %
Net earnings-%	9.4 %	12.5 %	12.0 %	13.3 %	7.2 %	8.0 %	10.2 %	6.9 %	5.5 %	5.2 %

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	86.8	105	123	131	128
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	0.6	0.9	1.3	1.7	2.1
Tangible assets	83.0	99.0	117	125	121
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	3.0	4.5	4.5	4.5	4.5
Other non-current assets	0.2	0.1	0.2	0.2	0.2
Deferred tax assets	0.1	0.1	0.1	0.1	0.1
Current assets	114	154	130	133	135
Inventories	38.1	34.2	31.9	36.8	36.8
Other current assets	5.4	9.9	9.9	9.9	9.9
Receivables	29.5	25.5	23.2	30.7	30.7
Cash and equivalents	40.5	84.4	65.0	55.3	57.6
Balance sheet total	200	259	253	264	263

Source: Inderes

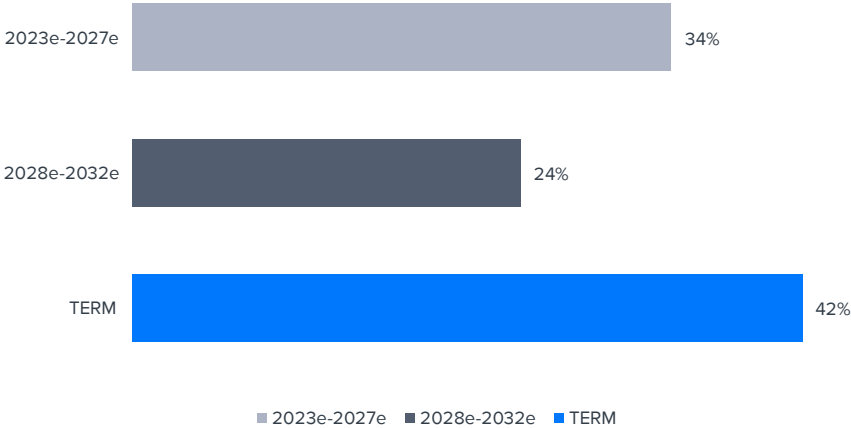
Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	58.8	136	155	168	178
Share capital	1.5	1.5	1.5	1.5	1.5
Retained earnings	34.5	60.6	80.1	93.2	103
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	-0.4	73.7	73.7	73.7	73.7
Minorities	23.2	0.0	0.0	0.0	0.0
Non-current liabilities	75.7	56.3	46.9	41.9	31.9
Deferred tax liabilities	1.7	3.7	3.7	3.7	3.7
Provisions	0.1	0.1	0.1	0.1	0.1
Long term debt	68.4	49.4	40.0	35.0	25.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	5.4	3.0	3.0	3.0	3.0
Current liabilities	65.8	66.5	51.3	53.5	52.5
Short term debt	6.2	6.5	4.0	3.5	2.5
Payables	50.7	59.1	46.4	49.1	49.1
Other current liabilities	8.9	0.9	0.9	0.9	0.9
Balance sheet total	200	259	253	264	263

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	2.1 %	-8.6 %	5.8 %	0.0 %	1.3 %	3.0 %	3.0 %	2.5 %	2.5 %	2.5 %	2.0 %	2.0 %
EBIT-%	18.3 %	12.9 %	9.4 %	7.5 %	7.0 %	6.0 %	6.0 %	6.0 %	5.5 %	5.0 %	5.0 %	5.0 %
EBIT (operating profit)	58.2	37.5	28.9	23.0	21.7	19.2	19.8	20.3	19.1	17.8	18.1	
+ Depreciation	8.1	9.5	12.9	13.8	13.9	13.3	12.5	12.2	12.1	12.0	12.0	
- Paid taxes	-18.3	-6.6	-5.3	-4.2	-4.1	-3.6	-3.7	-3.8	-3.5	-3.3	-3.3	
- Tax, financial expenses	-0.1	-0.2	-0.5	-0.4	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	
+ 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	12.3	-8.1	-9.7	0.0	-0.2	-0.6	-0.6	-0.5	-0.5	-0.5	-0.4	
Operating cash flow	47.6	32.1	26.3	32.2	31.0	28.1	27.7	27.9	26.8	25.7	26.0	
+ Change in other long-term liabilities	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-22.0	-28.5	-20.4	-10.4	-10.4	-10.4	-10.4	-11.4	-11.4	-12.4	-12.8	
Free operating cash flow	29.1	3.6	5.9	21.8	20.6	17.7	17.3	16.5	15.4	13.3	13.2	
+/- Other	26.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	55.9	3.6	5.9	21.8	20.6	17.7	17.3	16.5	15.4	13.3	13.2	163
Discounted FCFF		3.5	5.2	17.3	14.9	11.6	10.3	8.9	7.5	5.9	5.3	65.3
Sum of FCFF present value		156	152	147	130	115	103	92.8	83.9	76.4	70.6	65.3
Enterprise value DCF		156										
- Interest bearing debt		-56.0										
+ Cash and cash equivalents		84.4										
-Minorities		0.0										
-Dividend/capital return		-10.0										
Equity value DCF		174										
Equity value DCF per share		7.6										
WACC												
Tax-% (WACC)		20.0 %										
Target debt ratio (D/(D+E))		17.5 %										
Cost of debt		5.0 %										
Equity Beta		1.60										
Market risk premium		4.75%										
Liquidity premium		1.50%										
Risk free interest rate		2.5 %										
Cost of equity		11.6 %										
Weighted average cost of capital (WACC)		10.3 %										

Source: Inderes

Cash flow distribution



Summary

Income statement	2020	2021	2022	2023e	2024e
Revenue	220.0	311.3	317.7	290.2	307.0
EBITDA	11.3	62.2	66.3	47.0	41.8
EBIT	2.2	52.7	58.2	37.5	28.9
PTP	-4.4	47.9	57.8	36.2	26.4
Net Income	-3.3	29.2	39.8	29.5	21.1
Extraordinary items	0.0	0.0	-0.3	0.0	0.0
Balance sheet	2020	2021	2022	2023e	2024e
Balance sheet total	151.8	200.3	258.6	253.5	263.7
Equity capital	20.4	58.8	135.8	155.3	168.4
Goodwill	0.0	0.0	0.0	0.0	0.0
Net debt	71.4	34.1	-28.5	-21.0	-16.8
Cash flow	2020	2021	2022	2023e	2024e
EBITDA	11.3	62.2	66.3	47.0	41.8
Change in working capital	-1.9	-6.1	12.3	-8.1	-9.7
Operating cash flow	10.2	52.7	47.6	32.1	26.3
CAPEX	-3.7	-9.7	-22.0	-28.5	-20.4
Free cash flow	6.5	33.0	55.9	3.6	5.9
Valuation multiples	2020	2021	2022	2023e	2024e
EV/S			0.4	0.4	0.4
EV/EBITDA (adj.)			1.8	2.7	3.1
EV/EBIT (adj.)			2.0	3.4	4.5
P/E (adj.)	0.0	0.0	3.6	5.0	7.0
P/B	0.0	0.0	1.1	0.9	0.9
Dividend-%			6.9 %	5.5 %	4.7 %
Source: Inderes					

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2/24/2023	Reduce	6.00 €	6.35 €
3/17/2023	Reduce	6.00 €	6.29 €
----- Analyst changed -----			
5/25/2023	Reduce	6.75 €	6.40 €
8/11/2023	Accumulate	6.75 €	6.19 €
8/27/2023	Accumulate	7.50 €	6.40 €



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