

United Bankers

Company report

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Sauli Vilén
+358 44 025 8908
sauli.vilen@inderes.fi



Kasper Mella
+358 45 6717 150
kasper.mella@inderes.fi

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This report is a summary translation of the report “Tuloskasvun askelmerkit aiempaa selvät” published on 02/19/2023 at 06:45 pm.

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Steps to earnings growth clearer than before

Following the unsurprising H2 report, changes to our estimates remained quite small. However, successful product launches have boosted our confidence in UB's continued earnings growth, and the valuation of the stock is quite moderate at our current estimates. In our view, investors' expected return for the coming years is a combination of moderate earnings growth and a strong dividend yield (7-8%). We reiterate our EUR 16.0 target price and Accumulate recommendation.

The volume of performance fees was higher than expected

United Bankers published its H2 report on Friday, the results of which were already largely known due to the positive profit warning. The contribution of the Wealth Management segment, which is the most main driver for the group earnings, was slightly more significant than our expectations. However, the segment's revenues were more heavily weighted towards non-recurring performance fees than expected. Revenue in Capital Markets Services was well below our estimate (0.7 MEUR vs. 1.8 MEUR), and due to the fixed cost structure, missing the estimate was almost fully reflected in the result. In turn, the dividend proposal was fully in line with expectations at EUR 0.90 per share.

As the result was already known, the new financial targets were the most surprising part of the report

UB also published its financial targets for the first time, aiming to increase its AUM to over EUR 10 billion by 2028 (2022: 4.4 billion), equivalent to an annual growth rate of around 18%, and to increase its EBIT margin to over 40%. We believe that AUM growth target is extremely ambitious and achieving it organically will require 1) excellent new sales, 2) successful expansion of the product offering and 3) largely favorable market developments. Acquisitions are also seen as a tool for achieving the targets, according to management comments. We consider the profitability target of over 40% to be realistic for the company, but even more important is an improvement in the earnings mix. Our estimates are well below the company's financial targets.

Overall estimates changes remain moderate following the H2 report

We have lowered our estimates for the performance of traditional mutual funds' assets under management in the coming years, but at the same time we have raised our previously rather conservative assumption for the fee level of the new Forest Industry Green Growth (FIGG) fund. We have revised our 2023 estimate for Wealth Management's costs upwards slightly. As a result of these changes, our EBIT estimate for 2023 increased by around 3%. In its updated guidance, UB expects its operating profit for the current year to be close to the 2022 level. Our estimates now expect an operating profit of EUR 17.5 million, which is in line with the company's guidance. From 2024 onwards, we expect the company to return to clear earnings growth driven by private equity funds. The dividend stream remains strong and the updated guidance on payout ratios above 70% improves visibility on dividend levels.

Moderate valuation levels support a positive view

With our updated estimates, the valuation of the stock is already at an attractive level both in absolute and relative terms. With valuation multiples at a moderate level, the earnings growth we forecast for UB won't be buried under a decline in valuation, and we believe that investors' expected return for the coming years will be a combination of reasonable earnings growth and a healthy dividend yield (7-8%). The value indicated by our DCF model ("EUR 18 per share) also supports a positive view.

Recommendation

Accumulate

(previous Accumulate)

EUR 16.00

(previous EUR 16.00)

Share price:

14.80



Key figures

	2022	2023e	2024e	2025e
Revenue	48.6	52.6	57.1	61.8
growth-%	11%	8%	9%	8%
EBIT adj.	16.5	17.5	19.0	20.9
EBIT-% adj.	34.0 %	33.3 %	33.3 %	33.8 %
Net Income	12.5	13.2	14.1	15.6
EPS (adj.)	1.18	1.24	1.32	1.45

P/E (adj.)	12.0	11.9	11.2	10.2
P/B	3.2	3.1	2.9	2.7
Dividend yield-%	6.3 %	6.8 %	7.5 %	8.2 %
EV/EBIT (adj.)	8.6	8.3	7.4	6.5
EV/EBITDA	7.7	7.4	6.7	5.8
EV/S	2.9	2.8	2.5	2.2

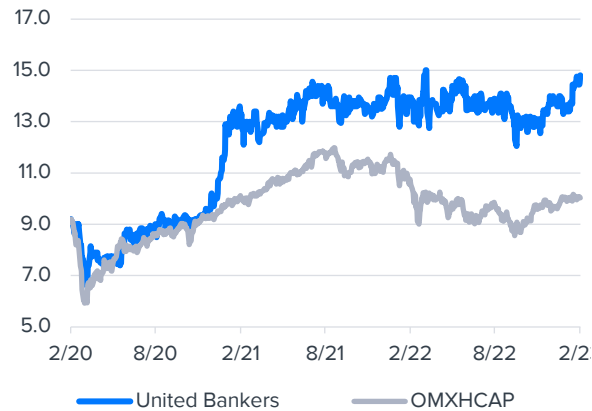
Source: Inderes

Guidance

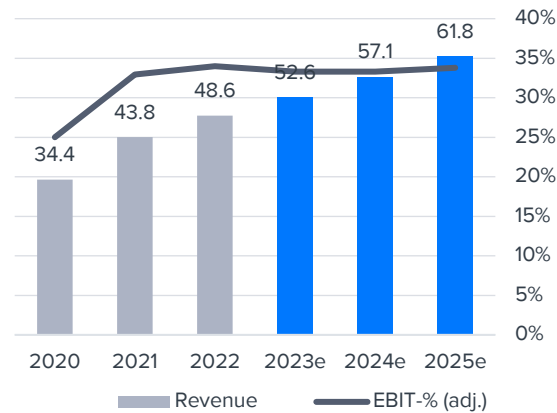
(New guidance)

The company estimates its adjusted operating profit to remain close to the level of 2022. The estimate is conditional upon market conditions not significantly weakening.

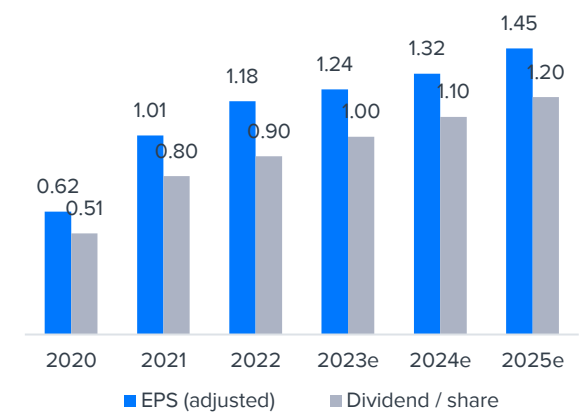
Share price



Revenue and EBIT %



EPS and dividend



Value drivers

- New product launches
- Increase in the size of existing products
- Further improvement potential in cost-efficiency
- M&A transactions and consolidation of the industry



Risk factors

- Deterioration of the market situation
- The share of non-recurring revenue is still significant
- Profitability still relatively weak without performance fees

Valuation	2023e	2024e	2025e
Share price	14.8	14.8	14.8
Number of shares, millions	10.7	10.7	10.8
Market cap	158	158	158
EV	145	141	136
P/E (adj.)	11.9	11.2	10.2
P/E	11.9	11.2	10.2
P/FCF	11.5	10.5	9.4
P/B	3.1	2.9	2.7
P/S	3.0	2.8	2.6
EV/Sales	2.8	2.5	2.2
EV/EBITDA	7.4	6.7	5.8
EV/EBIT (adj.)	8.3	7.4	6.5
Payout ratio (%)	80.7 %	83.5 %	82.9 %
Dividend yield-%	6.8 %	7.5 %	8.2 %

Source: Inderes

New financial targets were the most surprising part of the report

United Bankers published its H2 report on Friday. The result was already known with the positive profit warning, so the main preliminary questions regarding the key figures were the cost level in H2 and the revenue mix between different products and services.

Higher-than-expected results in Wealth Management

In the Wealth Management segment, the result was well in line with our expectations, but revenues were more heavily weighted towards performance fees, which the company recorded at EUR 7.5 million in H2 (estimate: 6.1 MEUR). On the other hand, the segment's personnel costs were slightly higher than expected. However, this is explained by the amortization of staff recruitment costs, which was utilized to transfer costs from the Other segment to the Wealth Management segment. Within Wealth Management, asset management fees were slightly lower than we had forecast.

Overall, the contribution of Wealth Management, which is the main driver for the group's results, was therefore slightly better than we expected, considering the amortized costs. However, the result was more strongly focused on performance fees than we expected, so overall the impact of this becomes neutral in our papers.

Revenue in Capital Markets Services was well below our estimate (0.7 MEUR vs. 1.8 MEUR), and due to the fixed cost structure, missing the estimate was almost fully reflected in the result.

New financial targets are ambitious

In connection with the results report, United Bankers published its financial targets for the first time in its public company history. Accordingly, the company aims to increase its assets under management to more than EUR 10 billion by 2028 (2022: 4.4 billion), representing an annual increase of around 18%. At the same time, the company aims to increase its EBIT

margin to over 40%. Based on management comments, acquisitions are also seen as a tool to achieve the objectives.

We believe that UB's growth target for assets under management is extremely ambitious and achieving it organically will require 1) excellent new sales, 2) successful expansion of the product offering and 3) largely favorable market developments. We consider the profitability target of over 40% to be realistic for the company, but even more important is an improvement in the earnings mix. In our estimates, we expect an EBIT profit margin of around 30% by the end of the target period, but at the same time returns are much more heavily weighted towards recurring fees, which increases the value of the result for the investor. In our view, the result mix shifting to recurring fees is more important for the investor than the level of profitability itself.

Estimates	H2'21	H2'22	H2'22e	H2'22e	Consensus	Difference (%)	2022
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Actualized
Revenue	22.8	25.2	25.3				48.6
EBIT (adj.)	8.0	9.1	9.1				16.5
EPS (adj.)	0.56	0.66	0.65				1.18
DPS	0.80	0.90	0.90				0.90
Revenue growth-%	38.0 %	10.8 %	11.2 %			-0.4 pp	10.9 %
EBIT-% (adj.)	35.3 %	36.0 %	36.0 %			0 pp	34.0 %

Source: Inderes

Estimate revisions

Estimate revisions

- We have lowered our estimates for the development of traditional investment funds' assets under management over the coming years. This is due to a clear fall in capital towards the end of the year.
- We have raised our previously rather conservative assumption on the level of fees for the new Forest Industry Green Growth (FIGG) fund.
- We have revised our 2023 estimate for Wealth Management's costs upwards slightly.
- The company said at its H2 results announcement that it aims to launch two new funds this year. We haven't yet included these in our estimates until the company offers something concrete.
- As a result of these changes, our earnings estimates for the coming years have remained almost unchanged.
- We expect the company to start fundraising for a new NFF4 fund during H1'23.
- In its updated guidance, UB expects its operating profit for the current year to be close to the 2022 level. Our forecasts expect an operating profit of EUR 17.5 million for 2023, which is in line with the company's guidance.

Operational earnings drivers:

- In our estimates, the company's performance growth will be driven by an increase in AUM, particularly in the company's real estate funds and the new FIGG fund, which was launched at the beginning of this year. As a result of strong new sales, we forecast management fees to increase by an annual average of around 15% between 2023 and 2026.
- In the coming years, we expect performance fees to remain below the 2022 peak. This will slow down earnings growth at group level. However, this combined with an increase in management fees improves the earnings mix, which we consider critical to the company's investment story.
- We expect the dividend payout to remain strong, as the company's business growth ties up very limited capital. We forecast a payout ratio of around 80% in the coming years. The company's own target is to pay an annual dividend of at least 70% of EPS.

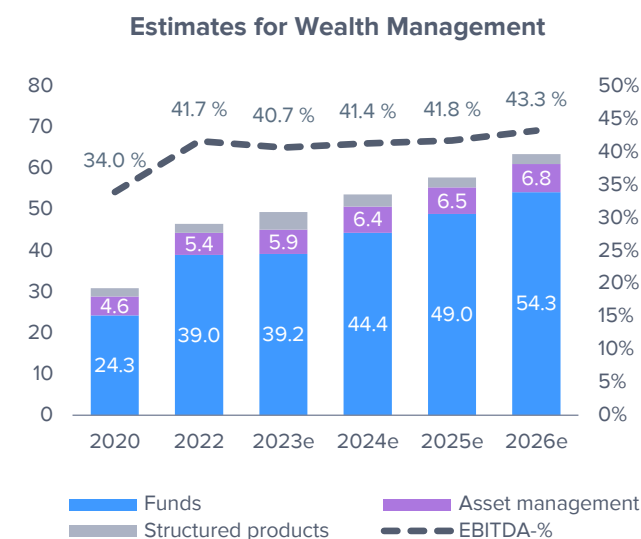
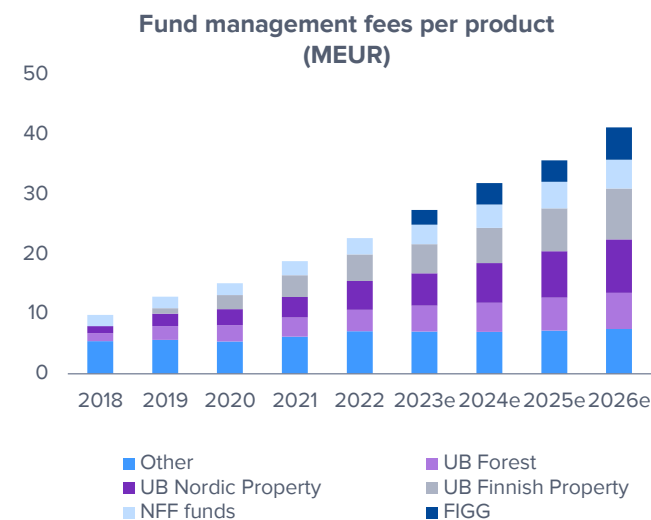
Estimate revisions	2022	2022	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	48.7	48.6	0%	51.0	52.6	3%	55.9	57.1	2%
EBIT (exc. NRIs)	16.5	16.5	0%	16.9	17.5	3%	19.0	19.0	0%
EBIT	16.5	16.5	0%	16.9	17.5	3%	19.0	19.0	0%
EPS (excl. NRIs)	1.18	1.18	0%	1.18	1.24	5%	1.30	1.32	1%
DPS	0.90	0.90	0%	1.00	1.00	0%	1.10	1.10	0%

Source: Inderes

Summary of estimates

MEUR	2021	2022	2023e	2024e	2025e	2026e
Fee income	43.4	48.3	50.5	57.3	61.4	67.1
Funds	32.7	39.0	39.2	44.4	49.0	54.3
Management fees	19.3	23.1	27.8	32.2	35.8	41.2
Performance fees	11.5	14.4	9.5	10.0	11.0	11.0
Subscription & redemption	1.9	1.5	2.0	2.2	2.2	2.2
Asset management	6.5	5.4	5.9	6.4	6.5	6.8
Structured products	1.2	2.2	2.3	3.0	2.4	2.4
Capital Markets Services	3.1	1.7	3.0	3.6	3.6	3.6
Other income	0.4	0.3	0.1	0.4	0.4	0.4
Income from investment services	43.8	48.6	50.6	57.7	61.8	67.5
Commission expenses	-5.3	-5.1	-6.4	-7.3	-7.6	-8.2
Net fee income	38.5	43.4	44.2	50.4	54.1	59.3
Personnel costs	-16.3	-17.5	-19.5	-21.1	-22.7	-24.4
Other expenses	-8.0	-9.4	-9.2	-10.3	-10.6	-10.9
EBIT	14.3	16.5	17.5	19.0	20.9	24.0
Non-recurring items	-0.1	0.0	0.0	0.0	0.0	0.0
Comparable EBIT-%	32.7%	34.0%	34.6%	33.0%	33.8%	35.5%
Personnel costs per employee (thousands of EUR)	-119	-118	-127	-133	-138	-144
Number of employees	137	148	154	159	164	169
Assets under management (MEUR)	4800	4411	4854	5195	5445	5835
Private equity funds	990	1254	1522	1793	1973	2293
Traditional funds	1108	718	732	807	882	957
Other fund capital	682	630	650	620	590	560
Asset management	530	441	450	475	500	525
Other	1490	1367	1500	1500	1500	1500
Funds' fee income / fund AUM (%)	1.17%	1.50%	1.35%	1.38%	1.42%	1.43%
Management fees / fund-AUM (%)	0.69%	0.89%	0.96%	1.00%	1.04%	1.08%
Share of recurring income-%*	63%	61%	70%	70%	72%	74%
Share of non-recurring income-%	37%	39%	30%	30%	28%	26%

*Recurring revenue = fund management fees, asset management and about half of capital market services



Share valuation is moderate

With our updated estimates, the valuation of the stock is already at an attractive level both in absolute and relative terms. With valuation multiples at a moderate level, the earnings growth we forecast for UB won't be buried under a decline in valuation, and we believe that investors' expected return for the coming years will be a combination of reasonable earnings growth and a healthy dividend yield (7-8%). The value indicated by our DCF model (~EUR 18 per share) also supports our positive view.

We have previously found it challenging to rely on UB's short-term potential, as a significant part of the company's performance is made up of less predictable performance fees. However, with the successful product launch (FIGG) and new fund initiatives (management indicated two new fund products for the current year), we are more optimistic about the realization of the company's earnings growth estimates, as a larger share of returns will be based on recurring fund management fees. However, we note that despite this, performance fees will continue to be an important part of the company's result in the future.

Peer valuation supports positive recommendation

In our multiple-based valuation, we focus on P/E and EV/EBIT multiples and dividend yield, which we believe are the key valuation multiples for the sector and at the same time offer a high level of comparability.

With our 2023 and 2024 forecasts, UB's earnings-based valuation is at a discount to the peer group. We don't consider this to be justified, because at this stage, we don't believe that the company should be priced at a discount or a premium in relation to its key

peers. In absolute terms, we believe that the multiples of the peer group are relatively neutral and close to the normal levels of the companies. Thus, the peer group gives a relatively accurate picture of UB's share value.

Absolute multiples are also favorable too

Through its stock exchange history, UB has been valued at an average forward-looking 10x EV/EBIT, 6% dividend yield and 13x P/E (historical 12-month forward-looking multiples taken from Reuters).

Based on our current estimates, UB's 2023e and 2024e P/E ratios are 12x and 11x respectively, corresponding EV/EBIT ratios are 8x and 7x and dividend yields are 7-8%. Against this background too, we consider the upside to the company's share sufficiently attractive to justify a positive recommendation.

DCF model

The UB share's value in our DCF model has risen to around EUR 18 (was 17) on our updated estimates. Our required return for UB (10.0%) is still above the key peers, as the company's earnings mix is still more heavily weighted towards non-recurring income than peers. Also, relative to the DCF model, the current valuation level of the stock doesn't appear particularly challenging.

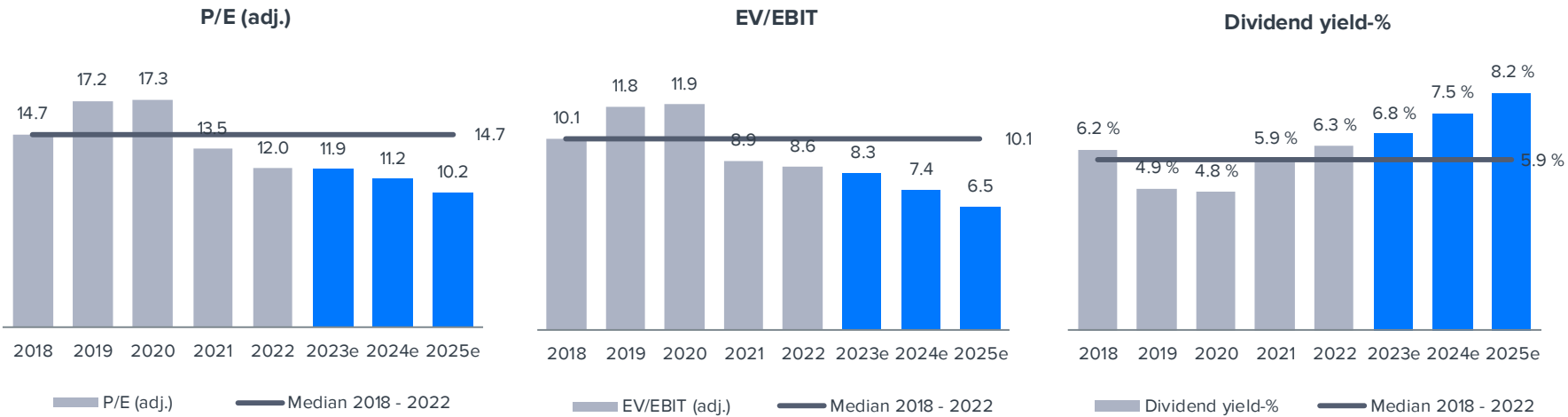
Valuation	2023e	2024e	2025e
Share price	14.8	14.8	14.8
Number of shares, millions	10.7	10.7	10.8
Market cap	158	158	158
EV	145	141	136
P/E (adj.)	11.9	11.2	10.2
P/E	11.9	11.2	10.2
P/FCF	11.5	10.5	9.4
P/B	3.1	2.9	2.7
P/S	3.0	2.8	2.6
EV/Sales	2.8	2.5	2.2
EV/EBITDA	7.4	6.7	5.8
EV/EBIT (adj.)	8.3	7.4	6.5
Payout ratio (%)	80.7 %	83.5 %	82.9 %
Dividend yield-%	6.8 %	7.5 %	8.2 %

Source: Inderes

Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	6.60	8.80	10.7	13.6	14.2	14.8	14.8	14.8	14.8
Number of shares, millions	9.59	10.2	10.4	10.4	10.6	10.7	10.7	10.8	10.8
Market cap	63	92	112	141	151	158	158	158	158
EV	55	79	102	129	142	145	141	136	129
P/E (adj.)	14.7	17.2	17.3	13.5	12.0	11.9	11.2	10.2	8.9
P/E	14.7	20.3	17.9	13.7	12.0	11.9	11.2	10.2	8.9
P/FCF	33.5	79.1	57.8	15.0	27.1	11.5	10.5	9.4	8.1
P/B	2.1	2.5	2.9	3.2	3.2	3.1	2.9	2.7	2.5
P/S	2.1	2.8	3.3	3.2	3.1	3.0	2.8	2.6	2.3
EV/Sales	1.8	2.4	3.0	2.9	2.9	2.8	2.5	2.2	1.9
EV/EBITDA	7.7	10.4	10.2	8.1	7.7	7.4	6.7	5.8	4.9
EV/EBIT (adj.)	10.1	11.8	11.9	8.9	8.6	8.3	7.4	6.5	5.4
Payout ratio (%)	91.0 %	101.2 %	85.4 %	80.3 %	76.3 %	80.7 %	83.5 %	82.9 %	76.3 %
Dividend yield-%	6.2 %	4.9 %	4.8 %	5.9 %	6.3 %	6.8 %	7.5 %	8.2 %	8.7 %

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
Alexandria	74	58	7.9	5.7	5.8	4.6	1.4	1.2	14.1	10.1	5.7	7.4	2.4
Aktia	741								9.0	8.1	6.8	7.8	0.9
CapMan	475	530	12.0	10.7	11.6	10.4	7.0	6.6	14.4	13.0	6.0	6.4	3.1
eQ	902	848	16.4	13.0	16.0	12.8	9.9	8.3	21.9	17.6	4.7	5.9	9.9
Evli	501	435	9.6	7.9	8.4	7.1	3.8	3.4	15.9	12.4	8.3	9.9	3.6
Oma Säästöpankki	662								8.0	7.1	2.8	3.3	1.2
Taaleri	323	276	7.5	13.4	7.4	13.1	3.6	4.5	11.8	21.8	7.2	4.9	1.6
Titanium	191	170	9.2	8.3	8.9	8.1	5.5	5.0	13.0	11.8	7.6	8.1	6.9
United Bankers (Inderes)	158	141	8.3	7.4	7.4	6.7	2.8	2.5	11.9	11.2	6.8	7.5	3.1
Average			10.4	9.8	9.7	9.3	5.2	4.8	13.5	12.7	6.1	6.7	3.7
Median			9.4	9.5	8.6	9.2	4.7	4.7	13.5	12.1	6.4	6.9	2.8
Diff-% to median			-11%	-22%	-14%	-28%	-41%	-48%	-12%	-7%	5%	8%	12%

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

Income statement

Income statement	2021	H1'22	H2'22	2022	H1'23e	H2'23e	2023e	2024e	2025e	2026e
Revenue	43.8	23.4	25.2	48.6	24.9	27.7	52.6	57.1	61.8	67.5
EBITDA	15.9	8.4	10.0	18.4	8.7	10.9	19.5	21.1	23.4	26.6
Depreciation	-1.6	-1.0	-1.0	-1.9	-1.0	-1.0	-2.0	-2.1	-2.6	-2.6
EBIT (excl. NRI)	14.4	7.4	9.1	16.5	7.7	9.9	17.5	19.0	20.9	24.0
EBIT	14.3	7.4	9.1	16.5	7.7	9.9	17.5	19.0	20.9	24.0
Net financial items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PTP	14.3	7.4	9.1	16.5	7.7	9.9	17.5	19.0	20.9	24.0
Taxes	-3.1	-1.7	-2.0	-3.6	-1.6	-2.1	-3.7	-4.0	-4.4	-5.0
Minority interest	-0.9	-0.2	-0.1	-0.3	-0.3	-0.3	-0.6	-0.9	-0.9	-0.9
Net earnings	10.3	5.6	7.0	12.5	5.8	7.5	13.2	14.1	15.6	18.0
EPS (adj.)	1.01	0.52	0.66	1.18	0.54	0.70	1.24	1.32	1.45	1.67
EPS (rep.)	1.00	0.52	0.66	1.18	0.54	0.70	1.24	1.32	1.45	1.67

Key figures	2021	H1'22	H2'22	2022	H1'23e	H2'23e	2023e	2024e	2025e	2026e
Revenue growth-%	27.5 %	11.0 %	10.8 %	10.9 %	6.4 %	10.0 %	8.3 %	8.7 %	8.1 %	9.3 %
Adjusted EBIT growth-%	68.0 %	16.2 %	12.9 %	14.4 %	3.1 %	8.6 %	6.1 %	8.7 %	9.7 %	14.8 %
EBITDA-%	36.3 %	35.9 %	39.8 %	37.9 %	34.8 %	39.1 %	37.1 %	37.0 %	37.9 %	39.4 %
Adjusted EBIT-%	33.0 %	31.8 %	36.0 %	34.0 %	30.8 %	35.5 %	33.3 %	33.3 %	33.8 %	35.5 %
Net earnings-%	23.6 %	23.9 %	27.6 %	25.8 %	23.1 %	27.0 %	25.2 %	24.7 %	25.2 %	26.7 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	31.7	32.0	32.7	33.3	33.5
Goodwill	15.6	15.6	15.6	15.6	15.6
Intangible assets	4.3	5.1	5.9	6.6	6.8
Tangible assets	3.1	2.7	2.5	2.4	2.4
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	8.7	8.6	8.6	8.6	8.6
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	46.5	39.6	43.8	48.3	53.5
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	30.6	28.8	28.8	28.8	28.8
Receivables	0.8	1.2	1.3	1.4	1.6
Cash and equivalents	15.1	9.5	13.7	18.1	23.2
Balance sheet total	78.2	71.6	76.5	81.6	87.0

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	44.3	48.1	52.3	56.7	61.4
Share capital	5.5	5.5	5.5	5.5	5.5
Retained earnings	16.7	17.6	21.3	24.8	28.6
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	21.4	24.6	24.6	24.6	24.6
Other equity	0.0	0.0	0.0	0.0	0.0
Minorities	0.8	0.4	1.0	1.9	2.8
Non-current liabilities	3.4	2.5	2.5	2.5	2.5
Deferred tax liabilities	1.4	2.5	2.5	2.5	2.5
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	2.0	0.0	0.0	0.0	0.0
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	30.5	21.0	21.7	22.4	23.2
Short term debt	0.0	0.0	0.0	0.0	0.0
Payables	8.3	7.8	8.5	9.2	10.0
Other current liabilities	22.2	13.2	13.2	13.2	13.2
Balance sheet total	78.2	71.6	76.5	81.6	87.0

DCF calculation

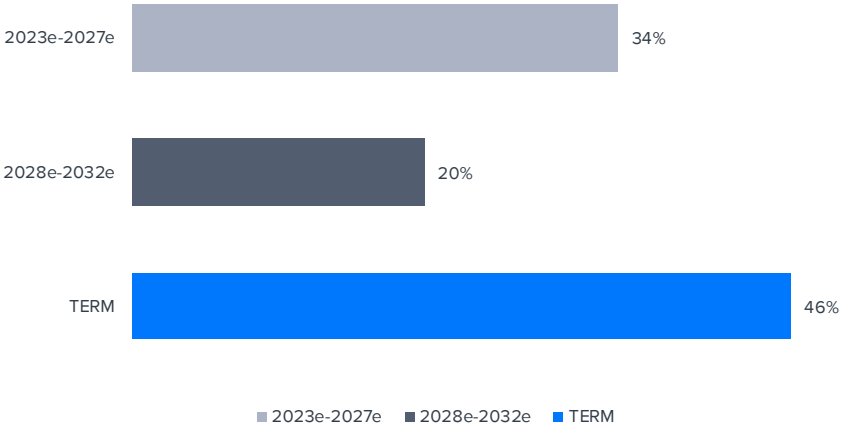
DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	10.9 %	8.3 %	8.7 %	8.1%	9.3 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	2.5 %	2.5 %
EBIT-%	34.0 %	33.3 %	33.3 %	33.8 %	35.5 %	29.0 %	28.0 %	27.0 %	25.0 %	25.0 %	25.0 %	25.0 %
EBIT (operating profit)	16.5	17.5	19.0	20.9	24.0	20.2	20.0	19.9	19.0	19.6	20.1	
+ Depreciation	1.9	2.0	2.1	2.6	2.6	2.7	2.8	2.8	2.9	3.0	3.1	
- Paid taxes	-2.5	-3.7	-4.0	-4.4	-5.0	-4.2	-4.2	-4.2	-4.0	-4.1	-4.2	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ 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	-8.1	0.5	0.6	0.6	0.8	0.3	0.3	0.3	0.3	0.3	0.3	
Operating cash flow	7.8	16.4	17.8	19.7	22.3	18.9	18.9	18.9	18.3	18.8	19.2	
+ 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	-2.3	-2.6	-2.7	-2.8	-2.8	-3.0	-3.0	-3.2	-3.2	-3.3	-3.6	
Free operating cash flow	5.6	13.7	15.1	16.9	19.5	15.9	15.8	15.7	15.0	15.5	15.6	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	5.6	13.7	15.1	16.9	19.5	15.9	15.8	15.7	15.0	15.5	15.6	214
Discounted FCFF		12.7	12.6	12.9	13.5	10.0	9.1	8.1	7.1	6.7	6.1	83.5
Sum of FCFF present value		182	170	157	144	131	121	112	103	96.3	89.6	83.5
Enterprise value DCF		182										
- Interesting bearing debt		0.0										
+ Cash and cash equivalents		9.5										
-Minorities		-0.8										
-Dividend/capital return		0.0										
Equity value DCF		191										
Equity value DCF per share		17.9										

Wacc

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	5.0 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	1.80%
Risk free interest rate	2.5 %
Cost of equity	10.0 %
Weighted average cost of capital (WACC)	10.0 %

Source: Inderes

Cash flow distribution



Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	34.4	43.8	48.6	52.6	57.1	EPS (reported)	0.60	1.00	1.18	1.24	1.32
EBITDA	10.1	15.9	18.4	19.5	21.1	EPS (adj.)	0.62	1.01	1.18	1.24	1.32
EBIT	8.4	14.3	16.5	17.5	19.0	OCF / share	0.71	1.37	0.74	1.53	1.66
PTP	8.4	14.3	16.5	17.5	19.0	FCF / share	0.19	0.90	0.52	1.29	1.40
Net Income	6.2	10.3	12.5	13.2	14.1	Book value / share	3.72	4.19	4.49	4.81	5.11
Extraordinary items	-0.2	-0.1	0.0	0.0	0.0	Dividend / share	0.51	0.80	0.90	1.00	1.10
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	58.5	78.2	71.6	76.5	81.6	Revenue growth-%	6%	27%	11%	8%	9%
Equity capital	39.1	44.3	48.1	52.3	56.7	EBITDA growth-%	31%	58%	16%	6%	8%
Goodwill	15.7	15.6	15.6	15.6	15.6	EBIT (adj.) growth-%	28%	68%	14%	6%	9%
Net debt	-9.7	-13.1	-9.5	-13.7	-18.1	EPS (adj.) growth-%	21%	62%	17%	5%	6%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	29.3 %	36.3 %	37.9 %	37.1 %	37.0 %
EBITDA	10.1	15.9	18.4	19.5	21.1	EBIT (adj.)-%	25.0 %	33.0 %	34.0 %	33.3 %	33.3 %
Change in working capital	-0.8	1.4	-8.1	0.5	0.6	EBIT-%	24.3 %	32.7 %	34.0 %	33.3 %	33.3 %
Operating cash flow	7.4	14.2	7.8	16.4	17.8	ROE-%	16.4 %	25.1 %	27.5 %	26.7 %	26.6 %
CAPEX	-5.5	-4.8	-2.3	-2.6	-2.7	ROI-%	20.6 %	32.8 %	35.0 %	34.9 %	34.9 %
Free cash flow	1.9	9.4	5.6	13.7	15.1	Equity ratio	66.8 %	56.7 %	67.1 %	68.4 %	69.5 %
						Gearing	-24.7 %	-29.5 %	-19.8 %	-26.2 %	-31.9 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	3.0	2.9	2.9	2.8	2.5						
EV/EBITDA (adj.)	10.2	8.1	7.7	7.4	6.7						
EV/EBIT (adj.)	11.9	8.9	8.6	8.3	7.4						
P/E (adj.)	17.3	13.5	12.0	11.9	11.2						
P/E	2.9	3.2	3.2	3.1	2.9						
Dividend-%	4.8 %	5.9 %	6.3 %	6.8 %	7.5 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
8/23/2019	Reduce	7.50 €	7.40 €
12/16/2019	Sell	8.20 €	9.35 €
12/20/2019	Sell	8.20 €	8.95 €
2/7/2020	Reduce	9.00 €	9.45 €
3/3/2020	Reduce	9.00 €	8.90 €
3/23/2020	Reduce	6.40 €	6.90 €
5/14/2020	Reduce	7.50 €	7.75 €
6/8/2020	Reduce	8.00 €	7.95 €
8/27/2020	Reduce	8.80 €	9.00 €
10/26/2020	Reduce	9.00 €	9.30 €
2/22/2021	Reduce	11.00 €	12.80 €
5/26/2021	Reduce	13.00 €	13.15 €
8/27/2021	Reduce	12.50 €	14.30 €
9/24/2021	Reduce	14.00 €	13.60 €
2/21/2022	Reduce	14.00 €	13.95 €
4/11/2022	Reduce	14.00 €	13.70 €
8/29/2022	Reduce	14.00 €	13.85 €
2/6/2023	Accumulate	16.00 €	14.30 €
2/20/2023	Accumulate	16.00 €	14.80 €



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