

Suominen

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Vetäydymme osakkeesta ongelmien pitkittyä” published on 4.2.2022 at 8:50

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Withdrawing from the share as problems are prolonged

Suominen's Q4 report, published yesterday, was a major disappointment, as the Q4 result fell short of expectations and the company also predicted the downward earnings trend to continue in 2022 due to a tough start to the year. We cut our estimate for Suominen clearly for 2022 and 2023, and thus drop our target price to EUR 4.50 (prev. EUR 5.25). We lower our recommendation to Reduce (prev. Accumulate). The valuation of the share is moderate in many respects, but due to the still unclear depth of the earnings slump, the expected return does not exceed our increased required return.

Recovery rate was clearly below expectations in Q4

Suominen's net sales increased by 14% to EUR 115 million in Q4, which was in line with the consensus and exceeded our estimate. Volumes increased from Q3, but the rate was probably below our estimate as the high inventories of certain customers and supply chain problems continued to burden Suominen's perceived demand. Sales prices increased with raw material prices probably more than we expected in Q4 and the effect of currencies on sales was positive. Suominen's EBITDA decreased in Q4 from an excellent comparison period by over 50% to EUR 9.0 million. The undercut was due to a continued weak gross margin caused by low volumes, raw material inflation and a fire in a plant (Q4: GM-% 7.3%, -7.2% points y-o-y). On the lower lines, financial expenses and taxes were lower than we expected, but EPS was still below all estimates at EUR 0.04 per share. The dividend proposal was in line with our expectation at EUR 0.20 per share, and we feel that the company can easily afford this after good earnings during full year of 2021.

Problems will persist at least in Q1, and the result will continue to slide in 2022

Suominen's guidance for 2022 is that the company's comparable EBITDA in 2022 will decrease from 2021 (2021: EBITDA 47 MEUR). According to the company, high inventory levels of certain customers and the messed-up supply chains partly due to COVID will have a negative impact on volumes especially in Q1, and sales prices are also still lagging behind increased raw material prices. The guidance was a big disappointment, as our and consensus' estimates had both a higher benchmark and a stable result this year as burdens were expected to ease up. After the report, we cut our EBITDA estimate for 2022 by 21% to EUR 41 million, especially due to the difficult operating environment in H1 and prolonged inflation. We also added a safety margin to our 2023 estimates due to low visibility (2022e: EBITDA EUR 47 million, -15%). Although we expect Suominen's demand to recover reflecting healthy base consumer demand starting from H2'21, the risk of prolonged inflation and tighter competition has increased the need for a buffer in estimates. The main risks to our estimates are prolonged inflation, tighter competition and limited pricing power.

Uncertainty about the depth of the earnings slump does not support buying despite reasonable valuation

Suominen's adjusted P/E ratios for 2022 and 2021 based on our estimates are around 22x and 15x. EV/EBITDA ratios that better describe the company's good cash flow are 7x and 6x. The 2022 ratios that are in focus are roughly at Suominen's 5-year median level, which we do not consider particularly attractive considering the earnings trend that remains negative in the near term and the unknown depth of the earnings slump, and the 4.5% dividend yield is not sufficient to push the expected return above the required return. In the long term, the DCF model, which is quite clearly above the current share price, indicates that the share valuation is reasonable, but we believe the market is focused on short-term challenges in the share and the longer-term moderate valuation is not enough to compensate for increased short-term risks due to prolonged problems.

Recommendation

Reduce

(previous Accumulate)

EUR 4.50

(previous EUR 5.25)

Share price:

4.33



Key figures

	2021	2022e	2023e	2024e
Revenue	443	471	485	495
growth-%	-3 %	6 %	3 %	2 %
EBIT adj.	26,9	19,4	24,8	30,6
EBIT-% adj.	6,1 %	4,1 %	5,1 %	6,2 %
Net Income	20,7	11,1	16,2	20,6
EPS (adj.)	0,31	0,19	0,28	0,36
P/E (adj.)	16,7	22,5	15,3	12,1
P/B	1,8	1,5	1,5	1,4
Dividend yield-%	3,9 %	4,6 %	4,6 %	4,6 %
EV/EBIT (adj.)	12,8	14,7	10,9	8,3
EV/EBITDA	7,3	6,9	5,8	4,9
EV/S	0,8	0,6	0,6	0,5

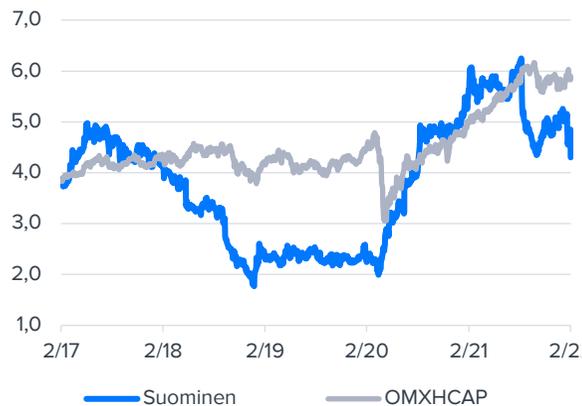
Source: Inderes

Guidance

(New guidance)

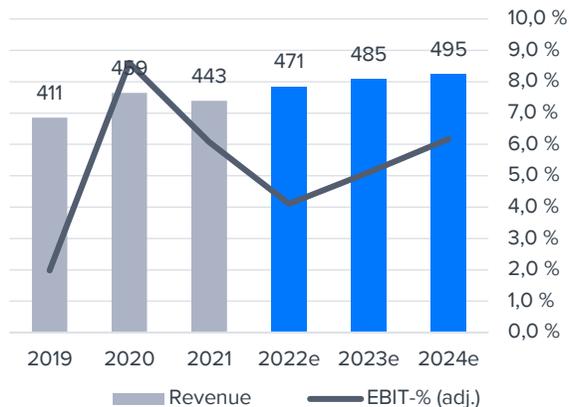
Suominen expects that its comparable EBITDA in 2022 will decrease from 2021. The main reasons are inventory levels which still remain high at certain customers as well as operational issues in the entire supply chain due to the current COVID-19 situation, both of which will impact the result negatively especially in Q1. In 2021, Suominen's comparable EBITDA was EUR 47.0 million.

Share price



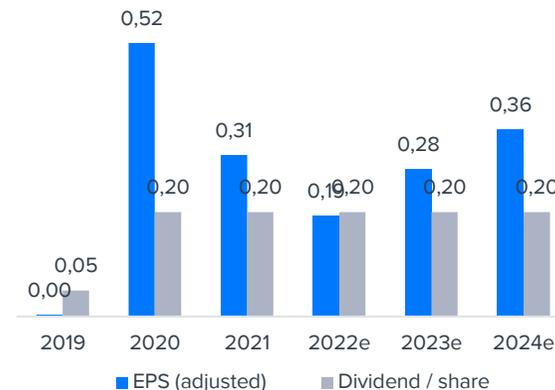
Source: Thomson Reuters

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Gradual growth in products with a better margin profile (e.g. sustainable products)
- Healthy market growth above GDP growth under normal conditions
- The pull from the COVID pandemic in long-term demand
- Acquisition and investment opportunities created by the strong balance sheet



Risk factors

- Typically, tight competition in the industry
- Normally low pricing power
- Centralized customer structure
- Raw material price risks
- Prolonged demand slump caused by high inventory levels in H2'21

Valuation	2022e	2023e	2024e
Share price	4,33	4,33	4,33
Number of shares, millions	57,5	57,5	57,5
Market cap	249	249	249
EV	284	271	255
P/E (adj.)	22,5	15,3	12,1
P/E	22,5	15,3	12,1
P/FCF	9,1	9,0	8,4
P/B	1,5	1,5	1,4
P/S	0,5	0,5	0,5
EV/Sales	0,6	0,6	0,5
EV/EBITDA	6,9	5,8	4,9
EV/EBIT (adj.)	14,7	10,9	8,3
Payout ratio (%)	103,8 %	70,8 %	55,8 %
Dividend yield-%	4,6 %	4,6 %	4,6 %

Source: Inderes

End of year was clearly more difficult than expected...

Sales stalled with volumes

Suominen's net sales increased by 4% to EUR 115 million in Q4, which was in line with the consensus and exceeded our estimate. Volumes increased from Q3, but the rate was probably below our estimate as the high inventories of certain customers and supply chain problems continued to burden the demand for Suominen's products. Sales prices increased with raw material prices in Q4 and the effect of currencies on sales was slightly positive. Geographically, Suominen's European sales developed slightly better than Americas, which in itself was expected, as we believe that the main customers suffering from inventory and supply chain problems are in the US.

Earnings at the lower boundary of the guidance

In Q4, Suominen's EBITDA decreased by over 50% from the excellent comparison period to EUR 9.0 million, which barely reached the company's indirect

guidance (Q4: EBITDA EUR 9-15 million) and was clearly below our estimate that was at the bottom of the consensus. The undercut was due to an very weak gross margin caused by low volumes, raw material inflation and a fire at a plant (Q4: GM-% 7.3%, -7.2% points y-o-y). Overheads in turn were very low thanks to fire-related insurance compensation (net impact on the earnings limited), cancellation of provisions and certain savings, but the weak gross margin ruined the result.

We believe, the main reason for the weak gross margin is the unnecessarily low volume considering the business logic, resulting in fixed costs distributed across low tonnage and a drop in efficiency due to the low utilization rate. We feel pricing should also gradually catch up to increased raw material prices even though price/raw-material-differential still had a clear negative effect on the gross margin in Q4.

Expected flat dividend was the bright spot

On the lower lines, financial expenses and taxes were lower than we expected, but EPS was still below all estimates at EUR 0.04 per share. Operating cash flow that fell to EUR 2.9 million (Q4'20: 16 MEUR) was also on the softer side in the Q4 report. In addition to the weak EBITDA, cash flow was depressed by increased inventories and receivables. We believe this was mainly due to inflation while difficult demand environment may have increased slightly also volumes in the inventory.

Suominen's net gearing remained stable at 30% in Q4. Thus, the company's financial position is still quite good. The dividend proposal was in line with our expectation at EUR 0.20 per share and despite the problems in H2, the company can easily afford this after the strong full year results in 2021.

Estimates	Q4'20	Q4'21	Q4'21e	Q4'21e	Consensus		Difference (%)	2021
MEUR / EUR	Comparator	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Actualized
Revenue	111	116	104	113	104	122	11 %	443
EBITDA	13,5	9,0	10,6	12,6	10,6	15,0	-15 %	47,0
EBIT	8,5	3,9	5,2	7,1	5,2	8,9	-25 %	26,9
EPS (adj.)	0,13	0,04	0,05	0,09	0,05	0,12	-21 %	0,31
DPS	0,20	0,20	0,20	0,17	0,11	0,20	0 %	0,20
Revenue growth-%	17,6 %	4,1 %	-6,4 %	1,8 %	-6,4 %	9,8 %	10,4 pp	-3,4 %
EBIT-% (adj.)	7,7 %	3,4 %	5,0 %	6,3 %	5,0 %	7,3 %	-1,6 pp	6,1 %

Source: Inderes & Vara Research (consensus)

... and the same problems will continue at least in Q1

Q1 outlook especially tricky

Suominen's guidance for 2022 is that the company's comparable EBITDA in 2022 will decrease from 2021 (2021 EBITDA 47 MEUR). According to the company's outlook, high inventory levels and the messed-up supply chains partly due to COVID will have a negative impact on volumes especially in Q1 in addition to which sales prices are still lagging behind increased raw material prices. The guidance was a big disappointment, as our and consensus estimates had both a higher benchmark and a stable result this year as burdens were expected to ease up.

Suominen still did not see any problems with end demand, but we feel that especially the lower consumer confidence in US and higher consumer prices has slightly increased risks also in terms of end use. Typically, demand for Suominen's products is fairly stable regardless of the economic situation, but as consumer confidence weakens the focus of

demand may move down a bit on the quality scale. We believe this type of shift could be slightly net negative for Suominen from mix perspective.

We lowered our estimates for the next few years clearly

After the report, we cut Suominen's EBITDA estimate for 2022 by 21% to EUR 41 million, especially due to the difficult operating environment in H1 and prolonged inflation. We also added a safety margin to our 2023 estimates due to weaker predictability (2022e: EBITDA EUR 47 million, -15%). Although we expect Suominen's demand to recover reflecting healthy base consumer demand especially starting from H2'21, risks of slight flexibility in end demand, prolonged inflation and tighter competition have increased the need for a buffer in estimates also in 2023. In 2022-2023, we estimate that a number of production lines will be completed, construction of which started after the COVID outbreak, and the

launch of which may disturb the market balance for a short period of time especially if strength of demand is not in full force for any reason. We argue Suominen would not be immune to this, even though the company's product portfolio secures a fairly good position if the competition tightens again.

We expect Suominen's profitability to reach a reasonable level in the next years despite the deep slump in H2'21 and H1'22 thanks to healthy overall demand, the company's own development and efficiency measures, and sooner or later calming inflation (2022e-2025e: adjusted EBITDA-% 10-11% vs. company target over 12% in 2025). Our margin expectations are slightly higher than the company's 5-year average (adjusted EBITDA-% around 9%), which is based on the progress of Suominen strategy for sustainable nonwovens with a better margin structure (16 new products launched in 2021) and improved overall efficiency.

Estimate revisions	2021	2021	Change	2022e	2022e	Change	2023e	2023e	Change
MEUR / EUR	Old	Actualized	%	Old	New	%	Old	New	%
Revenue	432	443	3 %	481	471	-2 %	501	485	-3 %
EBITDA	48,6	47,0	-3 %	52,1	41,4	-21 %	55,0	47,0	-15 %
EBIT (exc. NRIs)	28,3	26,9	-5 %	30,1	19,4	-36 %	34,1	24,8	-27 %
EBIT	28,3	26,9	-5 %	30,1	19,4	-36 %	34,1	24,8	-27 %
PTP	27,6	26,6	-4 %	25,4	14,8	-42 %	30,9	21,6	-30 %
EPS (excl. NRIs)	0,32	0,31	-2 %	0,33	0,19	-42 %	0,40	0,28	-30 %
DPS	0,20	0,20	0 %	0,22	0,20	-9 %	0,24	0,20	-17 %

Source: Inderes

The problems have moved the sight closer

The depth and length of the demand slump is decisive

Suominen's P/E ratios for 2022 and 2023 based on our estimates are around 22x and 15x and EV/EBITDA ratios that better describe the company's good cash flow potential (depreciation in next few years is below investments) are around 7x and 6x. The multiples are roughly at the company's 5-year median level, especially for 2022, which is the main focus. In our previous [extensive report](#) (6/2021) we estimated that Suominen's acceptable valuation multiples are P/E 13x-15x and EV/EBITDA 6x-7x.

Suominen's valuation is not high in our opinion and we believe the risks related to the multiples remain limited (P/B and EV/S have dropped below 5 year medians). However, investors continue to bear risks in the company related to the sustainability of estimates. With our current estimates the valuation is, however, rather neutral and we do not see much leeway until the demand problems have been solved. We do, however, believe that the market requires concrete evidence from the company of a clearly improved gross margin before a higher valuation can be accepted.

Suominen will be able to maintain its current dividend level in the future as long as the rolling result is turned upwards in H2'22 and/or the calming inflation alleviates working capital. Thus, we expect Suominen's dividend yield at the current share price to be some 4.5% in the next few years and offer investors a reasonable base return. However, we do not expect earnings growth from the company until Q3'22 as comparison figures become low. Thus, considering the dividend and the fairly neutral valuation over a 12-month period, the expected return of the share will settle close to the level of the

required return. Due to the increased corporate risks cause by the prolonged volume problem, we have also raised our required return for Suominen slightly.

Peer group does not work as a share price driver

Relative to the loosely linked peer group, Suominen's share is valued at a premium with the 2022 multiples while our estimates for 2023 indicate a discount. However, we do not see that the relative valuation would act as a share price driver for Suominen, as the peer group is only loosely linked to Suominen.

Our DCF model (around EUR 5 per share) still indicates an upside for the share despite decreased estimates and the higher required return. We also feel the terminal model is rather conservative (terminal weight 50%). We feel the DCF model describes Suominen's fair value quite well, but we do not necessarily see drivers for full realization of the fair value within 12 months mainly due to negative earnings growth and the uncertainty related to the earnings slump.

Long-term potential is still there

We still believe that Suominen should reach an EPS of around EUR 0.50 by 2025 if the company reaches its financial objectives (exceeds market growth and 12% EBTIDA-%) by 2025. We feel that Suominen's acceptable valuation level measured by P/E could be around 15x thanks to this development, which would mean a share price of around EUR 7.0-7.5 in 2025. This, in turn, would correspond with around 20% annual IRR potential (including annually stable around 4-5 % dividend yield) for an investor that would invest in Suominen now. Thus, we believe the share still has longer-term potential, but even partial reliance on this potential requires a reversal of the annual performance trend.

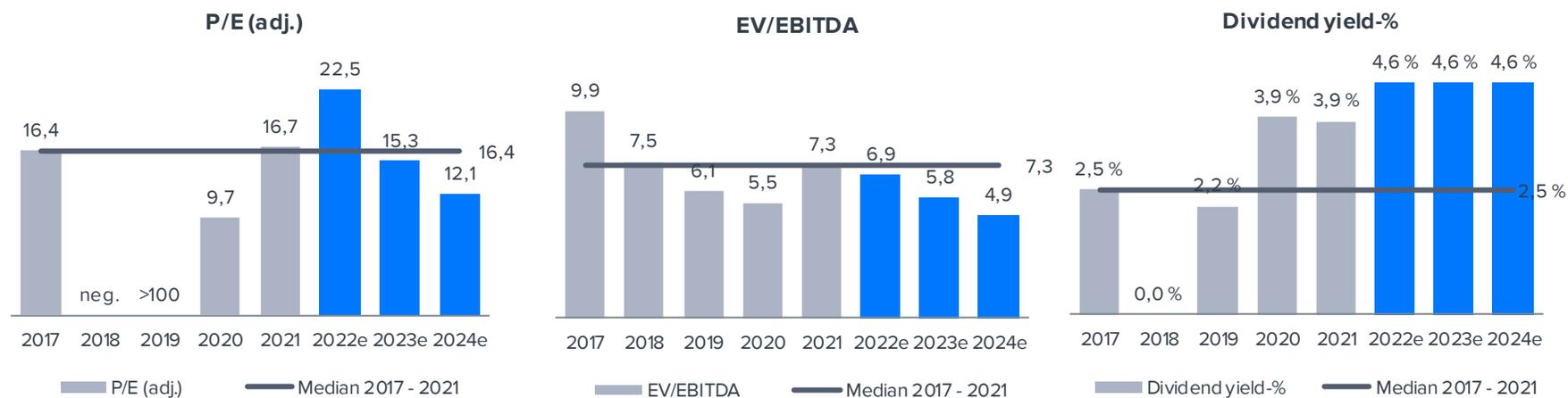
Valuation	2022e	2023e	2024e
Share price	4,33	4,33	4,33
Number of shares, millions	57,5	57,5	57,5
Market cap	249	249	249
EV	284	271	255
P/E (adj.)	22,5	15,3	12,1
P/E	22,5	15,3	12,1
P/FCF	9,1	9,0	8,4
P/B	1,5	1,5	1,4
P/S	0,5	0,5	0,5
EV/Sales	0,6	0,6	0,5
EV/EBITDA	6,9	5,8	4,9
EV/EBIT (adj.)	14,7	10,9	8,3
Payout ratio (%)	103,8 %	70,8 %	55,8 %
Dividend yield-%	4,6 %	4,6 %	4,6 %

Source: Inderes

Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	4,42	2,05	2,31	5,08	5,18	4,33	4,33	4,33	4,33
Number of shares, millions	53,6	57,5	57,5	57,5	57,5	57,5	57,5	57,5	57,5
Market cap	258	118	133	292	298	249	249	249	249
EV	341	192	204	334	345	284	271	255	240
P/E (adj.)	16,4	neg.	>100	9,7	16,7	22,5	15,3	12,1	11,5
P/E	16,4	neg.	>100	9,7	14,4	22,5	15,3	12,1	11,5
P/FCF	43,5	5,5	6,3	5,8	neg.	9,1	9,0	8,4	8,7
P/B	1,9	0,9	1,0	2,0	1,8	1,5	1,5	1,4	1,3
P/S	0,6	0,3	0,3	0,6	0,7	0,5	0,5	0,5	0,5
EV/Sales	0,8	0,4	0,5	0,7	0,8	0,6	0,6	0,5	0,5
EV/EBITDA	9,9	7,5	6,1	5,5	7,3	6,9	5,8	4,9	4,5
EV/EBIT (adj.)	22,7	41,7	25,1	8,5	12,8	14,7	10,9	8,3	7,5
Payout ratio (%)	44,3 %	0,0 %	1282,8 %	38,2 %	55,4 %	103,8 %	70,8 %	55,8 %	53,3 %
Dividend yield-%	2,5 %	0,0 %	2,2 %	3,9 %	3,9 %	4,6 %	4,6 %	4,6 %	4,6 %

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
Huhtamäki	34.8	3769	5264	17.9	14.2	11.4	9.4	1.5	1.3	17.2	15.2	2.7	3.0	2.7
Duni	107.0	486	622							33.6	14.4	4.6	4.6	1.8
Sealed Air	68.3	8947	11964	13.9	12.5	11.1	10.1	2.3	2.1	19.2	16.5	1.1	1.2	44.1
Riverstone	0.7	688	404	1.1	2.6	1.0	2.2	0.6	0.8	2.3	8.0	20.7	5.2	1.4
Berry	67.3	8047	15452	12.1	10.4	7.6	7.4	1.3	1.2	11.6	9.0			2.9
Suominen (Inderes)	4.3	248	284	14.7	10.9	6.9	5.7	0.6	0.6	22.4	15.3	4.6	4.6	1.5
Average				11.2	9.9	7.8	7.3	1.4	1.4	16.8	12.6	7.3	3.5	10.6
Median				13.0	11.4	9.4	8.4	1.4	1.2	17.2	14.4	3.7	3.8	2.7
Diff-% to median				13%	-5%	-27%	-32%	-57%	-55%	30%	6%	27%	22%	-43%

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

Income statement

Income statement	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22e	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue	459	115	114	98.7	116	443	118	110	118	125	471	485	495	505
Nonwovens	459	115	114	98.7	116	443	118	110	118	125	471	485	495	505
EBITDA	60.9	18.5	15.3	4.2	9.0	47.0	7.2	10.4	12.3	11.6	41.4	47.0	52.0	53.0
Depreciation	-21.4	-4.9	-5.0	-5.1	-5.1	-20.1	-5.5	-5.5	-5.5	-5.5	-22.0	-22.2	-21.5	-21.2
EBIT (excl. NRI)	39.5	13.6	10.3	-0.8	3.9	26.9	1.7	4.9	6.8	6.1	19.4	24.8	30.6	31.8
EBIT	39.5	13.6	10.3	-0.8	3.9	26.9	1.7	4.9	6.8	6.1	19.4	24.8	30.6	31.8
Nonwovens	39.5	13.6	10.3	-0.8	3.9	26.9	1.7	4.9	6.8	6.1	19.4	24.8	30.6	31.8
Net financial items	-5.6	3.3	-1.6	-1.0	-1.1	-0.4	-1.2	-1.2	-1.2	-1.2	-4.6	-3.2	-3.1	-3.1
PTP	33.9	16.9	8.7	-1.8	2.8	26.6	0.5	3.7	5.6	4.9	14.8	21.6	27.5	28.7
Taxes	-3.8	-3.1	-2.6	0.1	-0.3	-5.8	-0.1	-0.9	-1.4	-1.2	-3.7	-5.4	-6.9	-7.2
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	30.1	13.8	6.1	-1.7	2.5	20.7	0.4	2.8	4.2	3.7	11.1	16.2	20.6	21.6
EPS (adj.)	0.52	0.19	0.11	-0.03	0.04	0.31	0.01	0.05	0.07	0.06	0.19	0.28	0.36	0.38
EPS (rep.)	0.52	0.24	0.11	-0.03	0.04	0.36	0.01	0.05	0.07	0.06	0.19	0.28	0.36	0.38

Key figures	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22e	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue growth-%	11.5 %	4.6 %	-6.9 %	-14.5 %	4.1 %	-3.4 %	2.5 %	-3.2 %	19.6 %	8.0 %	6.3 %	3.0 %	2.1 %	2.0 %
Adjusted EBIT growth-%	385.8 %	138.5 %	-16.5 %	-106.5 %	-54.6 %	-31.8 %	-87.8 %	-52.9 %	-903.2 %	57.0 %	-28.1 %	28.1 %	23.2 %	4.0 %
EBITDA-%	13.3 %	16.0 %	13.5 %	4.3 %	7.8 %	10.6 %	6.1 %	9.4 %	10.4 %	9.3 %	8.8 %	9.7 %	10.5 %	10.5 %
Adjusted EBIT-%	8.6 %	11.8 %	9.1 %	-0.9 %	3.4 %	6.1 %	1.4 %	4.4 %	5.7 %	4.9 %	4.1 %	5.1 %	6.2 %	6.3 %
Net earnings-%	6.6 %	11.9 %	5.4 %	-1.7 %	2.2 %	4.7 %	0.3 %	2.5 %	3.6 %	3.0 %	2.4 %	3.3 %	4.2 %	4.3 %

Source: Inderes

Balance sheet

Assets	2020	2021	2022e	2023e	2024e
Non-current assets	164	162	154	147	143
Goodwill	15.5	15.5	15.5	15.5	15.5
Intangible assets	16.7	13.2	13.3	13.4	13.5
Tangible assets	122	131	123	116	112
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.8	0.5	0.5	0.5	0.5
Other non-current assets	4.0	0.0	0.0	0.0	0.0
Deferred tax assets	4.0	1.7	1.7	1.7	1.7
Current assets	154	225	150	163	178
Inventories	35.4	49.8	56.5	55.8	54.5
Other current assets	9.4	8.0	8.0	8.0	8.0
Receivables	51.1	65.5	55.6	56.3	56.4
Cash and equivalents	57.9	101	29.6	43.2	59.1
Balance sheet total	317	387	304	310	321

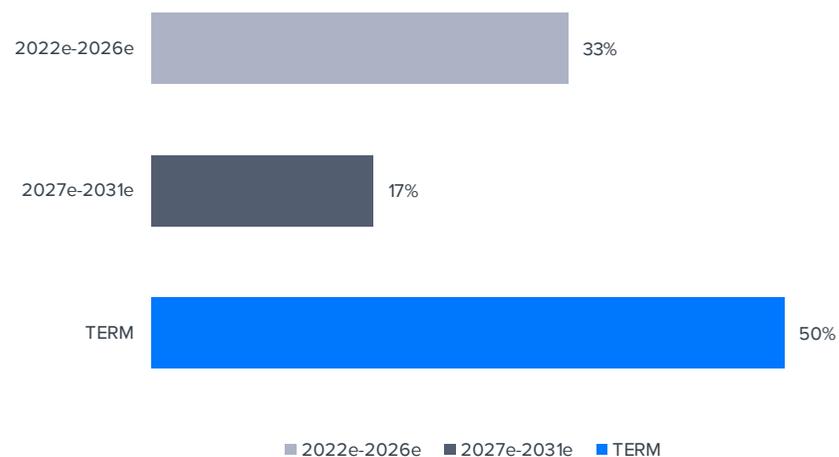
Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
Equity	146	163	163	168	177
Share capital	11.9	11.9	11.9	11.9	11.9
Retained earnings	42.0	56.5	56.1	60.9	70.0
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	92.1	94.8	94.8	94.8	94.8
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	114	78.8	76.5	76.5	76.5
Deferred tax liabilities	13.3	13.9	13.9	13.9	13.9
Provisions	1.8	1.9	1.9	1.9	1.9
Long term debt	97.8	62.3	60.0	60.0	60.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.8	0.7	0.7	0.7	0.7
Current liabilities	57.8	145	64.6	66.3	67.5
Short term debt	2.5	86.8	5.0	5.0	5.0
Payables	54.6	57.2	58.9	60.6	61.9
Other current liabilities	0.7	0.7	0.7	0.7	0.7
Balance sheet total	317	387	304	310	321

DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
EBIT (operating profit)	26.9	19.4	24.8	30.6	31.8	36.4	34.8	33.1	28.4	29.3	29.9	
+ Depreciation	20.1	22.0	22.2	21.5	21.2	20.2	19.6	19.7	19.8	19.8	19.8	
- Paid taxes	-2.8	-3.7	-5.4	-6.9	-7.2	-8.3	-7.9	-7.5	-6.4	-6.6	-6.7	
- Tax, financial expenses	-0.1	-1.2	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	
+ 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	-24.7	4.9	1.8	2.4	2.5	-1.4	-1.4	-1.5	-1.5	-1.6	-1.1	
Operating cash flow	19.4	41.4	42.6	46.8	47.6	46.1	44.3	43.1	39.6	40.2	41.1	
+ 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	-21.0	-14.1	-15.1	-17.1	-19.1	-20.1	-20.1	-20.1	-20.1	-20.1	-20.1	
Free operating cash flow	-1.6	27.3	27.5	29.7	28.5	26.0	24.2	23.0	19.5	20.1	21.0	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-1.6	27.3	27.5	29.7	28.5	26.0	24.2	23.0	19.5	20.1	21.0	363
Discounted FCFF		25.5	23.8	23.8	21.1	17.9	15.4	13.5	10.6	10.2	9.9	170
Sum of FCFF present value		342	316	293	269	248	230	214	201	190	180	170
Enterprise value DCF		342										
- Interesting bearing debt		-149.1										
+ Cash and cash equivalents		101										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		294										
Equity value DCF per share		5.12										

Cash flow distribution



Wacc	
Tax-% (WACC)	25.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.0 %
Equity Beta	1.25
Market risk premium	4.75%
Liquidity premium	1.25%
Risk free interest rate	2.0 %
Cost of equity	9.2 %
Weighted average cost of capital (WACC)	8.0 %

Source: Inderes

Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	411,4	458,9	443,2	471,1	485,0	EPS (reported)	0,00	0,52	0,36	0,19	0,28
EBITDA	33,7	60,9	47,0	41,4	47,0	EPS (adj.)	0,00	0,52	0,31	0,19	0,28
EBIT	8,1	39,5	26,9	19,4	24,8	OCF / share	0,58	0,96	0,34	0,72	0,74
PTP	2,1	33,9	26,6	14,8	21,6	FCF / share	0,37	0,88	-0,03	0,47	0,48
Net Income	0,2	30,1	20,7	11,1	16,2	Book value / share	2,31	2,54	2,84	2,83	2,91
Extraordinary items	0,0	0,0	0,0	0,0	0,0	Dividend / share	0,05	0,20	0,20	0,20	0,20
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	310,1	317,4	386,7	303,9	310,3	Revenue growth-%	-5 %	12 %	-3 %	6 %	3 %
Equity capital	132,5	145,9	163,2	162,8	167,5	EBITDA growth-%	31 %	81 %	-23 %	-12 %	14 %
Goodwill	15,5	15,5	15,5	15,5	15,5	EBIT (adj.) growth-%	77 %	386 %	-32 %	-28 %	28 %
Net debt	71,4	42,4	47,8	35,4	21,8	EPS (adj.) growth-%	-113 %	13345 %	-41 %	-38 %	47 %
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	8,2 %	13,3 %	10,6 %	8,8 %	9,7 %
EBITDA	33,7	60,9	47,0	41,4	47,0	EBIT (adj.)-%	2,0 %	8,6 %	6,1 %	4,1 %	5,1 %
Change in working capital	2,3	0,3	-24,7	4,9	1,8	EBIT-%	2,0 %	8,6 %	6,1 %	4,1 %	5,1 %
Operating cash flow	33,5	55,4	19,4	41,4	42,6	ROE-%	0,2 %	21,6 %	13,4 %	6,8 %	9,8 %
CAPEX	-29,8	-5,0	-21,0	-14,1	-15,1	ROI-%	3,4 %	16,2 %	9,7 %	7,2 %	10,8 %
Free cash flow	21,2	50,5	-1,6	27,3	27,5	Equity ratio	42,7 %	46,0 %	42,2 %	53,6 %	54,0 %
						Gearing	53,9 %	29,1 %	29,3 %	21,7 %	13,0 %

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
9.8.2017	Reduce	4,70 €	4,90 €
30.10.2017	Reduce	4,50 €	4,42 €
14.12.2017	Reduce	4,25 €	4,43 €
31.1.2018	Reduce	4,25 €	4,40 €
6.4.2018	Reduce	4,00 €	3,88 €
27.4.2018	Reduce	3,50 €	3,55 €
4.7.2018	Reduce	3,50 €	3,40 €
6.8.2018	Reduce	3,30 €	3,40 €
14.9.2018	Sell	2,85 €	3,10 €
26.10.2018	Reduce	2,20 €	2,30 €
1.2.2018	Reduce	2,40 €	2,50 €
25.4.2019	Reduce	2,50 €	2,60 €
8.8.2019	Reduce	2,40 €	2,48 €
23.10.2019	Reduce	2,25 €	2,33 €
30.1.2020	Reduce	2,35 €	2,48 €
24.4.2020	Accumulate	3,25 €	3,02 €
13.5.2020	Accumulate	3,40 €	3,17 €
18.6.2020	Accumulate	4,00 €	3,69 €
13.8.2020	Accumulate	5,40 €	5,00 €
28.10.2020	Accumulate	5,40 €	5,06 €
5.2.2021	Accumulate	6,00 €	5,74 €
29.4.2021	Accumulate	6,25 €	5,87 €
24.6.2021	Accumulate	6,25 €	5,45 €
16.8.2021	Accumulate	5,60 €	5,27 €
29.10.2021	Accumulate	5,25 €	4,72 €
4.2.2021	Reduce	4,50 €	4,33 €



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