

Tietoevry

Company report

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This report is a summary translation of the report “Positiivinen pääomamarkkinapäivä” published on 12/1/2022 at 8:40 am

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Positive Capital Markets Day

Tietoevry organized a Capital Markets Day (CMD) in Stockholm yesterday, which can be watched [here](#). The theme of the day was “Accelerating value creation”. The presentations provided insights into the company’s strategy execution, business portfolio priorities and new uplifted financial ambitions. In addition, the logic and timetable for activities to be separated were discussed. The CMD increased confidence in the company’s growth and we raised our estimates slightly. The valuation picture of the share is still attractive from several angles (2022e adj. P/E 11x and dividend yield > 6%) and now, with the businesses to be separated, the share has drivers to dissolve the undervaluation. We raised our target price to EUR 29.0 (previously EUR 28.0) and reiterate our Accumulate recommendation.

In the CMD, the company detailed its strategy and said it is implementing it by separating new activities

The strategy is unchanged and in line with what the company published at the end of 2021. In terms of strategy execution, the company has this year created a new business structure and divided into six independent business operations and started strategic reviews to separate three businesses. In 2023-24, the company’s goal is to complete the strategic reviews of the businesses to be separated, which we expect will reduce the undervaluation of the share. The company’s goal is also to improve the scalability of the Create and Care businesses and accelerate acquisitions.

New ambitious targets

The company published new medium-term targets and aims at a growth rate of 8-10% and an adjusted EBITA of 15-16% by 2025. The targets are clearly higher than the current level, as for 2022 the company estimates organic growth to be 5-6% and adjusted EBITA to be 12.8-13.1%. True to its ways, the company also opens the objectives of its different businesses well and in detail and presents 2025 targets for each business. In addition, the company aims to maintain the net debt/EBITDA ratio at 1-2x and continue increasing dividends annually. In our view the objectives are ambitious and well above our and market expectations. Before the CMD, the consensus expected the company to grow by 2-3% and EBITA% to be 13.1-13.5% in 2023-24.

We raised our estimates slightly, but they are still well below the target levels

We raised our estimates slightly (1-3%), supported by strong drivers. We expect the company to grow organically by 5-6% and achieve an EBITA margin of around 13% in 2022-2025. Thus, our estimates are still below the target levels and we wait for more proof from the company especially regarding profitability development. In the big picture, the business mix is gradually changing in a more favorable direction, the company invests, increases prices and continuously improves efficiency in supporting development whose effects inflation slows down.

The valuation of the share remains attractive and now has more drivers to dissolve undervaluation

Tietoevry’s and the sector’s demand fundamentals are strong, the company’s outlook is good especially in the medium term, and the business risk profile is still lower than for many Nordic peers. With our estimates, Tietoevry’s adjusted P/E and EV/EBIT ratios for 2022 are 11x and 10 or >30% below peers. We feel that the absolute and relative valuation of the share is attractive. The expected return on the share also rises to an attractive level of >10% on the back of 6% earnings growth and a 6% dividend yield alone. We believe the company has been chronically undervalued, but now we see stronger drivers for this to dissolve with a strengthened growth outlook and the separation of new businesses.

Recommendation

Accumulate

(previous Accumulate)

EUR 29.00

(previous EUR 28.00)

Share price:

25.92



Key figures

	2021	2022e	2023e	2024e
Revenue	2823	2946	3092	3237
growth-%	1%	4%	5%	5%
EBIT adj.	368	376	398	419
EBIT-% adj.	13.0 %	12.8 %	12.9 %	12.9 %
Net Income	292	182	222	243
EPS (adj.)	2.20	2.35	2.49	2.66

P/E (adj.)	12.5	11.0	10.4	9.7
P/B	1.8	1.7	1.7	1.6
Dividend yield-%	5.1 %	5.6 %	5.8 %	6.0 %
EV/EBIT (adj.)	10.6	9.9	9.2	8.4
EV/EBITDA	7.1	8.9	7.7	7.0
EV/S	1.4	1.3	1.2	1.1

Source: Inderes

Guidance

(Unchanged)

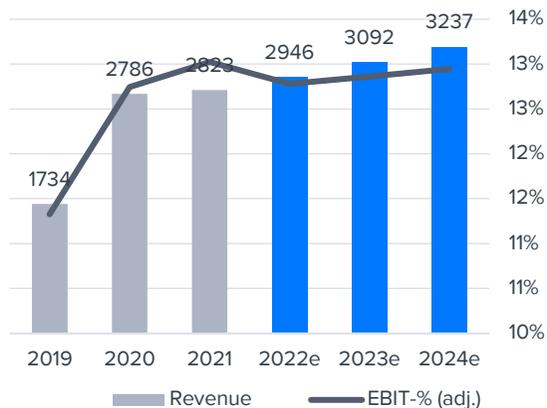
Tietoevry expects organic growth of 5-6% and adjusted EBITA of 12.8-13.1%.

Share price



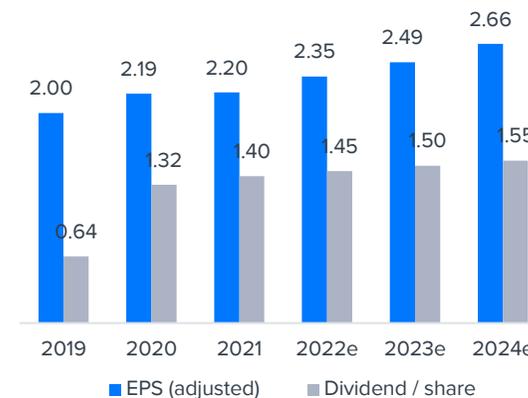
Source: Millstream Market Data AB

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Strengthened growth outlook
- Increase in the share of highly profitable software product business
- Growing share of new modern IT services
- New synergies from the Tietoevry integration
- Acquisitions and divestments of non-strategic businesses
- Business separation



Risk factors

- Decline in competitive position among large customers
- Continuous transformation creates a constant need for restructuring
- Tietoevry's massive integration failing/dragging on
- Accelerating wage inflation, high employee turnover and a failure in talent competition

Valuation	2022e	2023e	2024e
Share price	25.9	25.9	25.9
Number of shares, millions	118.4	118.4	118.4
Market cap	3070	3070	3070
EV	3730	3643	3531
P/E (adj.)	11.0	10.4	9.7
P/E	16.9	13.8	12.7
P/FCF	14.6	11.0	10.1
P/B	1.7	1.7	1.6
P/S	1.0	1.0	0.9
EV/Sales	1.3	1.2	1.1
EV/EBITDA	8.9	7.7	7.0
EV/EBIT (adj.)	9.9	9.2	8.4
Payout ratio (%)	94.4 %	79.9 %	75.7 %
Dividend yield-%	5.6 %	5.8 %	6.0 %

Source: Inderes

Comments on the CMD 1/2

Tietoevry's new objectives are ambitious and clearly higher than currently

Tietoevry raised its financial targets. The company aims at a growth rate of 8-10% and an adjusted EBITA of 15-16% by 2025. The targets are clearly higher than the current level, as for 2022 the company estimates organic growth to be 5-6% and adjusted EBITA to be 12.8-13.1%. In addition, the company aims to maintain the net debt/EBITDA ratio at 1-2x and continue increasing dividends annually.

Tietoevry's growth and profitability targets are based on consolidated business objectives. The company has set long-term financial targets for each area and during the day, the growth and profitability drivers of these were examined. True to its ways, the company again opened the objectives of its different businesses well and in detail and presented 2025 targets for each business.

Industry-specific software solutions and global data-driven development and consulting services (combined): 12-14% annual growth rate and annual adjusted EBITA of 17-19% by 2025. By business, the targets are:

- Tietoevry Create growth 14-16% and EBITA-% 14-16%
- Tietoevry Banking growth 10-12% and EBITA-% 16-18%
- Tietoevry Care growth 12-14% and EBITA-% 28-30%
- Tietoevry Industry growth 8-10% and EBITA-% 20-22%

Managed services and transformation (combined): 1-3% annual growth rate and annual adjusted EBITA of 9-11% by 2025. By business, the targets are:

- Tietoevry Transform growth 2-4% and EBITA-% 10-12%
- Tietoevry Connect growth 1-3% and EBITA-% 8-10%

In our view the objectives are ambitious and well above our and market expectations. Before the CMD, the consensus expected the company to grow by 2-3% and EBITA% to be 13.1-13.5% in 2023-24.

Tietoevry also separates its managed services and transformation business

Yesterday, Tietoevry announced its intention to separate its businesses that focus on managed services and transformation (Tietoevry Transform ja Tietoevry Connect) which are more slowly growing or declining areas of the IT services market. We believe that with the separation the company wants to showcase its other more quickly growing businesses that focus on software solutions with better profitability and data-driven development and consulting services (Tietoevry Create, Tietoevry Banking, Tietoevry Care and Tietoevry Industry). We feel the separation is in line with the company's strategy and a new driver to dissolve the undervaluation of the share. With the separation the company targets a higher market cap.

Combined Tietoevry Transform and Tietoevry Connect would be a competitive player focusing on Nordic managed services and customer

transformation, serving over 1,000 Nordic companies and public sector customers. The combined annual revenue of the businesses is around EUR 1.2 billion and they employ some 8,700 professionals worldwide. As part of the process, the businesses are combined and the whole is managed by a team that focuses on implementing a common strategy using the best expertise from both businesses.



[Watch the video recording of the CMD here:](#)



Comments on the CMD 2/2

The planned measures accelerate the strategy execution of the remaining Tietoevry and positions the company as a player focusing on industry-specific software solutions and global data-driven development and consulting services. The combined annual revenue of these Tietoevry businesses is currently around EUR 1.7 billion and they have some 16,000 employees worldwide. The separation allows the businesses to become more competitive in the market and to accelerate value creation.

First the company will combine the Transform and Connect businesses and then explore the strategic options in more detail. We estimate that these businesses will require continuous efficiency measures to meet the 2025 targets. Profitability is also supported by moving to the cloud environment.

The company estimates that the strategic review of combined Tietoevry Transform and Tietoevry Connect will take 12-18 months. The strategic review does not affect the business operations of Tietoevry Create, Tietoevry Care, Tietoevry Industry or Tietoevry Banking. It does not affect the already announced strategic review of Tietoevry Banking either, which is worth noting. The company commented that the strategic review and implementation of Tietoevry Banking will be completed in H2'23.

In our view, the separations are in line with the company's previously communicated strategy. In addition, the new separation news is a continuation of the previously announced strategic review and

listing of the Banking business. The measure also has a clear industrial logic as it enables businesses a clearer structure to execute the optimal strategy for the businesses in question.

In our view, these measures are also a way of dissolving the long-standing undervaluation of the share, as the fast growing and clearly more profitable four better businesses are brought to the forefront.

We raised our 2023-2025 estimates slightly

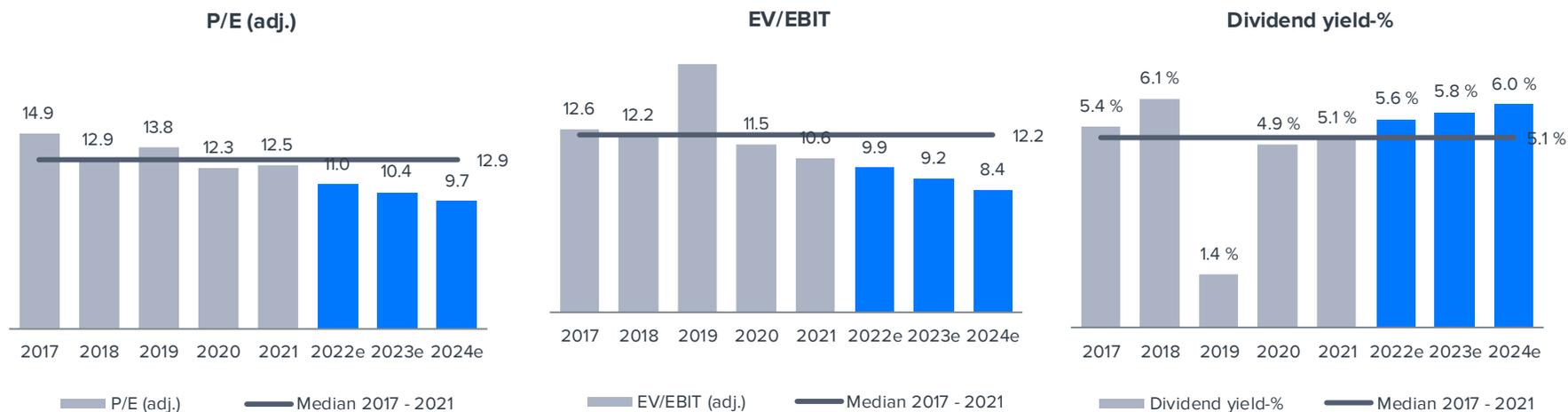
Estimate revisions	2022e	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	2946	2946	0%	3061	3092	1%	3173	3237	2%
EBITDA	420	420	0%	461	470	2%	491	503	3%
EBIT (exc. NRIs)	376	376	0%	388	398	3%	407	419	3%
EBIT	255	255	0%	297	306	3%	315	327	4%
PTP	233	233	0%	272	281	3%	294	307	4%
EPS (excl. NRIs)	2.35	2.35	0%	2.42	2.49	3%	2.58	2.66	3%
DPS	1.40	1.45	4%	1.50	1.50	0%	1.55	1.55	0%

Source: Inderes

Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	26.0	23.6	27.7	26.9	27.5	25.9	25.9	25.9	25.9
Number of shares, millions	74.1	73.8	67.9	118.4	118.4	118.4	118.4	118.4	118.4
Market cap	1925	1741	3283	3181	3254	3070	3070	3070	3070
EV	2086	2045	4067	4097	3900	3730	3643	3531	3403
P/E (adj.)	14.9	12.9	13.8	12.3	12.5	11.0	10.4	9.7	9.0
P/E	17.9	14.1	23.8	33.7	11.2	16.9	13.8	12.7	11.5
P/FCF	24.1	neg.	neg.	82.9	8.4	14.6	11.0	10.1	9.4
P/B	4.1	3.6	1.9	2.0	1.8	1.7	1.7	1.6	1.5
P/S	1.2	1.1	1.9	1.1	1.2	1.0	1.0	0.9	0.9
EV/Sales	1.4	1.3	2.3	1.5	1.4	1.3	1.2	1.1	1.0
EV/EBITDA	11.0	9.8	17.7	12.7	7.1	8.9	7.7	7.0	6.4
EV/EBIT (adj.)	12.6	12.2	20.7	11.5	10.6	9.9	9.2	8.4	7.6
Payout ratio (%)	96.3 %	86.9 %	59.5 %	165.4 %	56.9 %	94.4 %	79.9 %	75.7 %	70.8 %
Dividend yield-%	5.4 %	6.1 %	1.4 %	4.9 %	5.1 %	5.6 %	5.8 %	6.0 %	6.2 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%	
Company	MEUR	MEUR	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e
Digia*	157	179	10.5	8.6	8.5	7.1	1.0	0.9	10.8	10.0	3.4	3.9
Digital Workforce*	41	27					1.1	0.9				
Gofore*	347	337	16.1	12.5	14.9	11.5	2.3	1.7	20.5	16.4	1.6	1.8
Loihde*	68	36	10.1	11.9	4.0	7.5	0.3	0.3	42.1	25.2	1.8	1.8
Innofactor*	38	47	10.0	8.6	6.1	5.4	0.7	0.6	11.2	10.0	4.9	5.8
Netum Group*	45	45	11.3	9.2	10.6	9.1	1.4	1.2	15.1	12.1	3.9	4.4
Nixu*	46	49	32.8	12.2	15.3	8.8	0.8	0.7	64.2	16.5		
Siili Solutions*	118	114	9.2	7.7	7.3	6.4	1.0	0.8	13.9	11.6	1.7	2.1
Solteq*	26	55	31.7	14.5	8.2	5.8	0.8	0.7	30.4	17.4		3.8
Vincit*	74	64	11.5	7.1	15.0	6.5	0.8	0.6	13.5	10.8	2.2	5.4
Witted Megacorp*	59	51	134.7	26.6		25.9	0.9	0.6	578.2	40.1		
Bouvet	553	575	15.7	14.3	13.0	12.1	2.0	1.8	19.5	17.8	4.6	5.1
Enea	159	188	18.6	15.8	7.5	7.0	2.2	2.2	12.9	23.3		
Knowit	542	618	14.6	13.5	9.0	8.2	1.0	0.9	13.7	13.7	3.4	3.3
Netcompany Group	2168	2443	20.6	17.6	17.3	14.0	3.3	3.0	23.3	19.7	0.5	0.9
Wipro	26207	24338	14.7	15.1	12.1	12.3	2.6	2.3	18.3	19.6	1.3	2.1
Tata Consultancy	146876	141842	24.9	22.1	22.8	20.3	6.3	5.4	33.0	29.5	1.5	2.2
Atos SE	1137	4068	12.8	9.5	4.7	4.6	0.4	0.4	9.7	5.4		7.9
Capgemini SE	29781	34666	13.4	12.4	10.1	9.4	1.6	1.5	16.4	14.8	1.6	1.8
IBM	127885	167703	18.6	16.3	11.8	11.1	2.9	2.9	16.1	15.1	4.6	4.7
Accenture	184992	178060	19.7	18.8	16.1	15.6	3.0	2.9	26.9	25.4	1.4	1.5
Tietoenvy (Inderes)	3070	3730	9.9	9.2	8.9	7.7	1.3	1.2	11.0	10.4	5.6	5.8
Average			22.6	13.7	11.3	10.4	1.7	1.5	49.5	17.7	2.6	3.4
Median (all)			15.2	13.0	10.6	8.9	1.1	0.9	17.3	16.5	1.8	3.3
<i>Diff-% to median</i>			-35%	-29%	-16%	-13%	21%	28%	-36%	-37%	206%	76%
Median Finnish companies			11.3	9.2	8.5	7.1	0.9	0.8	15.1	12.1	2.2	3.9
<i>Diff-% to median</i>			-12%	0%	4%	9%	42%	56%	-27%	-14%	151%	50%
Median international companies			18.6	15.8	11.9	12.1	2.2	2.2	18.3	19.6	1.5	2.2
<i>Diff-% to median</i>			-47%	-42%	-26%	-36%	-42%	-46%	-40%	-47%	267%	158%

Source: Refinitiv / 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	Q1'22	Q2'22	Q3'22	Q4'22e	2022e	2023e	2024e	2025e
Revenue	2786	712	722	648	742	2823	731	739	690	785	2946	3092	3237	3393
Tietoevry Create	662	188	188	172	207	756	218	210	203	243	874	968	1046	1119
Tietoevry Banking	932	114	120	112	130	476	125	132	123	143	524	569	612	654
Tietoevry Care	501	54.4	61.5	48.9	57.1	222	56.6	58.3	53.6	62.8	231	247	267	288
Tietoevry Industry	419	82.9	78.5	67.4	74.6	303	71.0	68.3	64.1	70.9	274	272	282	296
Tietoevry Transform	142	121	119	105	122	468	121	119	106	122	468	468	472	479
Eliminations	131	-76	-77	-73	-83	-309	-85	-79	-69	-83	-316	-316	-325	-337
EBITDA	323	101	182	114	155	552	88	81	118	133	420	470	503	530
Depreciation	-175.8	-44	-43	-42	-42	-170	-42	-42	-40	-41	-165	-164	-176	-175
EBIT (excl. NRI)	355	82	88	94	103	368	85	79	98	115	376	398	419	449
EBIT	147	57	140	72	113	382	46	40	78	92	255	306	327	355
Group items & NRIs	0.0	-25	51	-22	10	14	-39	-39	-20	-23	-121	-91	-92	-94
Net financial items	-24.3	-8	-6	-8	-6	-28	-4	-9	-2	-6	-22	-25	-20	-16
PTP	122	48	134	65	107	354	42	31	75	86	233	281	307	339
Taxes	-27.9	-11	-16	-16	-18	-62	-9	-9	-16	-18	-51	-59	-64	-71
Net earnings	94.5	37	118	48	89	292	33	22	59	68	182	222	243	268
EPS (adj.)	2.19	0.48	0.52	0.55	0.64	2.20	0.54	0.45	0.64	0.73	2.35	2.49	2.66	2.89
EPS (rep.)	0.80	0.31	0.99	0.41	0.75	2.46	0.28	0.18	0.50	0.57	1.54	1.88	2.05	2.26
Key figures	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22	Q3'22	Q4'22e	2022e	2023e	2024e	2025e
Revenue growth-%	60.7 %	-4.4 %	5.1 %	0.7 %	4.2 %	1.3 %	2.7 %	2.4 %	6.5 %	5.8 %	4.3 %	5.0 %	4.7 %	4.8 %
Adjusted EBIT growth-%	80.8 %	5.1 %	9.8 %	4.3 %	-3.0 %	3.6 %	3.0 %	-10.5 %	4.2 %	11.2 %	2.4 %	5.6 %	5.4 %	7.1 %
EBITDA-%	11.6 %	14.1 %	25.3 %	17.6 %	20.9 %	19.6 %	12.1 %	11.0 %	17.0 %	16.9 %	14.3 %	15.2 %	15.5 %	15.6 %
Adjusted EBIT-%	12.7 %	11.5 %	12.2 %	14.5 %	13.9 %	13.0 %	11.6 %	10.7 %	14.2 %	14.6 %	12.8 %	12.9 %	12.9 %	13.2 %
Net earnings-%	3.4 %	5.2 %	16.3 %	7.4 %	12.0 %	10.3 %	4.5 %	3.0 %	8.6 %	8.6 %	6.2 %	7.2 %	7.5 %	7.9 %

Source: Inderes

Balance sheet

Assets	2020	2021	2022e	2023e	2024e
Non-current assets	2793	2713	2673	2643	2602
Goodwill	1974	1944	1944	1944	1944
Intangible assets	385	388	344	300	257
Tangible assets	329	280	291	304	306
Associated companies	19.7	16.7	16.7	16.7	16.7
Other investments	13.4	17.0	10.0	10.0	10.0
Other non-current assets	24.7	38.1	38.1	38.1	38.1
Deferred tax assets	46.9	29.9	29.9	29.9	29.9
Current assets	812	874	742	807	800
Inventories	4.9	7.2	0.0	0.0	0.0
Other current assets	35.9	23.3	23.3	23.3	23.3
Receivables	519	520	560	587	615
Cash and equivalents	252	324	159	196	162
Balance sheet total	3605	3587	3416	3450	3402

Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
Equity	1626	1821	1795	1846	1910
Share capital	119	118	75.8	75.8	75.8
Retained earnings	304	500	516	566	631
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	1204	1204	1204	1204	1204
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	1204	999	883	833	574
Deferred tax liabilities	25.3	27.6	27.6	27.6	27.6
Provisions	48.8	22.4	22.4	22.4	22.4
Long term debt	1057	876	760	710	451
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	72.5	73.4	73.4	73.4	73.4
Current liabilities	775	767	737	771	917
Short term debt	112	94.0	60.0	60.0	173
Payables	588	673	677	711	744
Other current liabilities	75.0	0.0	0.0	0.0	0.0
Balance sheet total	3605	3587	3416	3450	3402

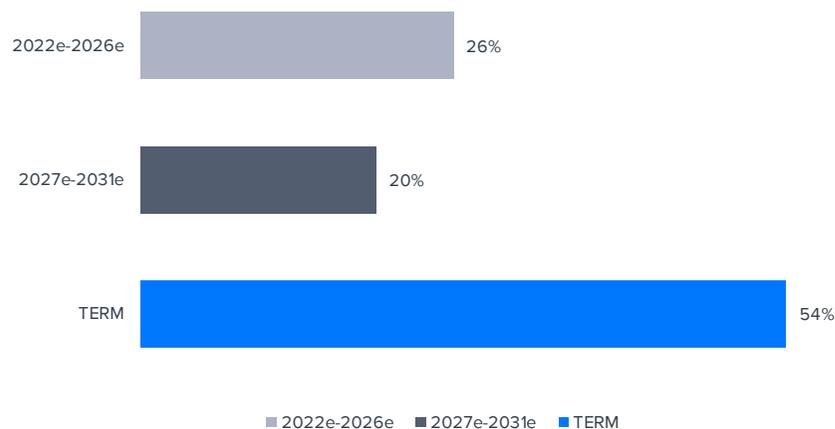
DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
Revenue growth-%	1.3 %	4.3 %	5.0 %	4.7 %	4.8 %	2.8 %	2.5 %	2.5 %	2.5 %	2.5 %	15 %	15 %
EBIT-%	13.5 %	8.7 %	9.9 %	10.1%	10.5 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %
EBIT (operating profit)	382	255	306	327	355	349	358	366	376	385	391	
+ Depreciation	170	165	164	176	175	166	161	155	150	148	148	
- Paid taxes	-42.9	-51.4	-59.1	-64.5	-71.2	-70.6	-73.0	-75.5	-78.0	-80.5	-82.1	
- Tax, financial expenses	-5.2	-5.1	-5.4	-4.4	-3.5	-2.8	-2.2	-1.6	-1.1	-0.5	-0.1	
+ Tax, financial income	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
- Change in working capital	19.2	-28.2	5.8	5.8	6.2	3.8	3.5	3.6	3.7	3.8	2.3	
Operating cash flow	523	336	412	440	462	445	447	448	450	455	459	
+ Change in other long-term liabilities	-25.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-110.5	-125.0	-133.5	-135.0	-136.5	-138.0	-139.6	-141.2	-142.7	-144.4	-172.1	
Free operating cash flow	387	211	278	305	325	307	307	307	307	311	286	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	387	211	278	305	325	307	307	307	307	311	286	4856
Discounted FCFF		209	258	263	260	229	213	198	184	174	149	2520
Sum of FCFF present value		4656	4446	4189	3926	3666	3437	3224	3027	2842	2669	2520
Enterprise value DCF		4656										
- Interesting bearing debt		-969.6										
+ Cash and cash equivalents		324										
-Minorities		0.0										
-Dividend/capital return		-165.8										
Equity value DCF		3844										
Equity value DCF per share		32.5										

Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	15.0 %
Cost of debt	6.0 %
Equity Beta	1.15
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.0 %
Weighted average cost of capital (WACC)	7.5 %

Source: Inderes

Cash flow distribution



Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	1734.2	2786.4	2823.3	2945.7	3091.6	EPS (reported)	1.16	0.80	2.46	1.54	1.88
EBITDA	230.2	322.5	552.0	420.0	470.5	EPS (adj.)	2.00	2.19	2.20	2.35	2.49
EBIT	124.2	146.7	382.0	255.3	306.5	OCF / share	5.83	1.93	4.42	2.83	3.48
PTP	101.2	122.4	353.8	233.3	281.5	FCF / share	-23.02	0.32	3.27	1.78	2.35
Net Income	79.1	94.5	291.6	181.8	222.4	Book value / share	24.83	13.73	15.38	15.16	15.58
Extraordinary items	-72.2	-208.4	14.3	-121.1	-91.1	Dividend / share	0.64	1.32	1.40	1.45	1.50
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	3833.7	3604.8	3587.3	3415.8	3450.0	Revenue growth-%	8%	61%	1%	4%	5%
Equity capital	1687.1	1626.2	1821.1	1794.9	1845.6	EBITDA growth-%	10%	40%	71%	-24%	12%
Goodwill	2023.1	1974.4	1943.7	1943.7	1943.7	EBIT (adj.) growth-%	17%	81%	4%	2%	6%
Net debt	783.9	916.3	645.8	660.5	573.5	EPS (adj.) growth-%	10%	9%	1%	7%	6%
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	13.3 %	11.6 %	19.6 %	14.3 %	15.2 %
EBITDA	230.2	322.5	552.0	420.0	470.5	EBIT (adj.)-%	11.3 %	12.7 %	13.0 %	12.8 %	12.9 %
Change in working capital	237.5	-67.0	19.2	-28.2	5.8	EBIT-%	7.2 %	5.3 %	13.5 %	8.7 %	9.9 %
Operating cash flow	396.0	228.7	523.4	335.5	411.9	ROE-%	7.3 %	5.7 %	16.9 %	10.1 %	12.2 %
CAPEX	-2261.6	14.0	-110.5	-125.0	-133.5	ROI-%	6.9 %	5.4 %	13.7 %	9.5 %	11.8 %
Free cash flow	-1563.8	38.4	387.4	210.5	278.5	Equity ratio	44.0 %	45.1 %	50.8 %	52.5 %	53.5 %
Valuation multiples	2019	2020	2021	2022e	2023e	Gearing	46.5 %	56.3 %	35.5 %	36.8 %	31.1 %
EV/S	2.3	1.5	1.4	1.3	1.2						
EV/EBITDA (adj.)	17.7	12.7	7.1	8.9	7.7						
EV/EBIT (adj.)	20.7	11.5	10.6	9.9	9.2						
P/E (adj.)	13.8	12.3	12.5	11.0	10.4						
P/E	1.9	2.0	1.8	1.7	1.7						
Dividend-%	1.4 %	4.9 %	5.1 %	5.6 %	5.8 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
24-07-17	Reduce	27.00 €	26.99 €
25-10-17	Reduce	27.00 €	27.21 €
06-02-18	Reduce	28.00 €	27.98 €
26-04-18	Reduce	29.00 €	29.86 €
23-07-18	Accumulate	28.00 €	25.96 €
25-10-18	Reduce	27.00 €	26.30 €
29-11-18	Reduce	27.00 €	25.70 €
07-02-19	Reduce	27.00 €	26.70 €
26-04-19	Reduce	27.00 €	27.50 €
22-07-19	Accumulate	26.00 €	23.10 €
25-10-19	Reduce	26.00 €	25.92 €
11-12-19	Reduce	27.00 €	26.86 €
17-02-20	Reduce	29.00 €	30.30 €
30-03-20	Accumulate	21.00 €	18.69 €
29-04-20	Accumulate	25.00 €	21.94 €
27-07-20	Accumulate	28.00 €	26.24 €
21-10-20	Buy	30.00 €	25.90 €
28-10-20	Buy	30.00 €	22.66 €
18-02-21	Buy	30.00 €	26.34 €
30-04-21	Buy	34.00 €	28.98 €
21-07-21	Buy	34.00 €	28.36 €
27-10-21	Buy	34.00 €	26.94 €
18-02-22	Buy	32.00 €	25.70 €
06-05-22	Buy	31.00 €	22.72 €
25-07-22	Buy	31.00 €	26.14 €
28-10-22	Accumulate	28.00 €	24.34 €
01-12-22	Accumulate	29.00 €	25.92 €



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