

# Koskisen

## Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Levyteollisuuden suotuista aalloista kantaa pidemmälle” published on 5/25/2023 at 9:36 am

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# Favorable wave in the Panel industry carries further

We raise Koskisen's target price to EUR 6.75 (was EUR 6.00) reflecting positive short-term estimate revisions but reiterate our Reduce recommendation due to the valuation still being neutral. Koskisen's Q1 report was strong compared to our expectations and we expect the Panel industry that continues in a very tight market to maintain Group figures at good levels for longer than previously anticipated. Especially on EV basis the valuation is moderate but in the prevailing situation the acceptable valuation is low and we feel the share is lacking clear upside drivers.

## Expected friction in business development but consolidated result still a positive surprise

In Q1, Koskisen's EUR 73 million revenue generated an adjusted EBITDA of EUR 12.6 million. The result fell from the comparison period as expected but exceeded our estimate clearly. As expected, the Panel industry stood for the performance with a high EBITDA margin of nearly 24% in a favorable market. Nevertheless, positive surprises came from the Sawn Timber industry, which, despite the very weak sawn timber cycle was able to generate EBITDA that was clearly in the black and reached better performance than many peers in Q1 just like in Q4. The average price achieved in the Sawn Timber industry in particular was surprisingly good considering the market situation. A small quality premium is typical for Koskisen, but the company seems to also have succeeded with a good sales and customer mix in Q1. The earnings overshoot was also explained by the positive contribution of Other items on EBITDA, where a big contribution seems to come from the company selling excess emission allowances more eagerly than before. Thus, we do not consider the quality of the result optimal, which slightly dilutes the value of the clear earnings overshoot in the eyes of investors.

## Our short-term estimates improved significantly, but long-term changes were smaller

Koskisen repeated the guidance given in the prospectus, where it expects that its 2023 revenue will not exceed the 2022 level (2021 revenue 318 MEUR), and its adjusted EBITDA margin is 12-14%. Repeating the guidance at this stage of the year was expected, but the strong Q1 development created an excellent basis for reaching the guidance. 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 skeptical about maintaining existing margin levels. In the Sawn Timber industry, the outlook is still difficult as construction is weak and prices are down. We took a clearly more positive view of the duration of the market disruption in the Panel industry, while the estimate changes for the Sawn Timber industry were small. The changes significantly increased our estimates for the current year and next year, but our view on the company's longer-term earnings potential did not change at this time. We still expect Koskisen's operating result to fall clearly from the top levels of 2022 when approaching the middle of the decade (the quality of the result will improve).

## Multiples and acceptable valuation in the current situation are moderate

Koskisen's 2023 and 2024 EV/EBITDA ratios that consider the strong balance sheet are 3-4x and the P/B ratio for 2023 is 1x. We expect dividend income for the next few years to be 4-5%. 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. Thus, the valuation is not unreasonable but, on the other hand, the declining earnings trend, the structure of current profits and the general valuation levels of the industry hamper the acceptable valuation. The DCF value also does not indicate that the share price is radically wrong in the longer term.

## Recommendation

### Reduce

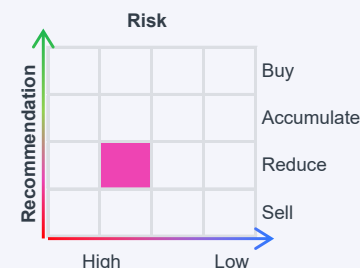
(previous Reduce)

### 6.75 EUR

(previous EUR 6.00)

### Share price:

6.40



## Key figures

	2022	2023e	2024e	2025e
Revenue	317.7	296.2	301.0	312.0
growth-%	2%	-7%	2%	4%
EBIT adj.	58.5	32.6	21.5	18.2
EBIT-% adj.	18.4 %	11.0 %	7.1 %	5.8 %
Net Income	39.8	24.7	15.2	12.9
EPS (adj.)	1.74	1.07	0.66	0.56

P/E (adj.)	3.6	6.0	9.7	11.4
P/B	1.1	1.0	0.9	0.9
Dividend yield-%	6.9 %	5.0 %	3.9 %	3.1 %
EV/EBIT (adj.)	2.0	3.8	5.8	6.3
EV/EBITDA	1.8	2.9	3.7	3.8
EV/S	0.4	0.4	0.4	0.4

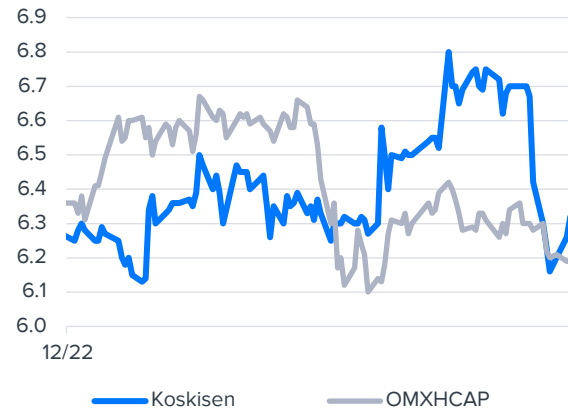
Source: Inderes

## Guidance

(Unchanged)

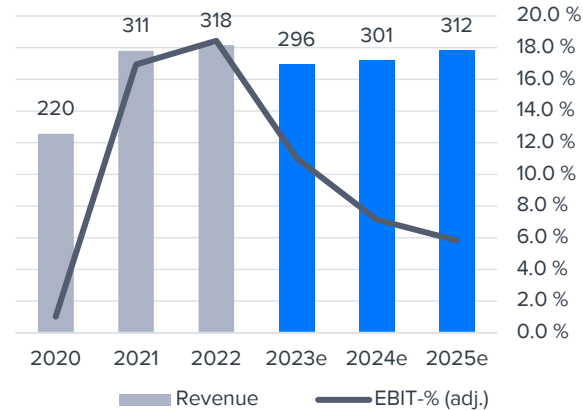
Koskisen expects that its revenue in 2023 will not exceed the 2022 level and its adjusted EBITDA will be 12-14%.

## Share price



Source: Millistream Market Data AB

## Revenue and EBIT %



Source: Inderes

## EPS and dividend



Source: Inderes



## 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	123	124	114
P/E (adj.)	6.0	9.7	11.4
P/E	6.0	9.7	11.4
P/FCF	19.7	17.1	8.4
P/B	1.0	0.9	0.9
P/S	0.5	0.5	0.5
EV/Sales	0.4	0.4	0.4
EV/EBITDA	2.9	3.7	3.8
EV/EBIT (adj.)	3.8	5.8	6.3
Payout ratio (%)	29.9 %	38.0 %	35.6 %
Dividend yield-%	5.0 %	3.9 %	3.1 %

Source: Inderes

# Performance was better than we expected in Q1

## No major surprises in revenue development

Koskisen had not published comparison figures before the Q1 report, but it was well known that the comparison figures generated during the hottest sawn timber cycle were very high. In Q1, Koskisen's revenue decreased by 7% to EUR 73 million, which was slightly above our estimates. Volumes fell in both businesses and timber prices were also depressed in a weak sawn timber cycle. However, the reduction in the average price of the Sawn Timber industry was quite clearly weaker than we expected and the company again seems to have been successful in optimizing sales in Q1. The record high prices due to the supply disruption in birch plywood caused by the war pushed the Panel industry to expected growth.

## As expected, the Panel industry stood for the performance

Koskisen's adjusted EBITDA was EUR 12.6 million in Q1. The operating result decreased by about 20%

from the strong comparison level, but it still exceeded our estimate clearly. As expected, the order intake was mixed as the Panel industry generated a record result supported by high prices and slightly exceeded our expectations. The positive surprise relative to our estimates came mainly from the Sawn Timber industry, which in Q1 performed clearly better than many of its peers as it had in Q4 and was able to support earnings with a EUR 1.6 million EBITDA, despite low price levels and inflation. We expected the Sawn Timber industry's result to be at zero level due to the difficult market situation and seasonally weak demand in Q1. In addition, the positive items not allocated to businesses exceeded our expectations. We estimate that the positive nature of the non-allocated items was partly explained by the EUR 1.2 million proceeds from selling emission allowances. The level exceeded last year's total sales income, but based on the annual report there could still be more to sell.

On the lower lines, depreciation was roughly in line with our expectations while financial expenses and taxes were slightly below our expectation. Thus, EPS exceeded our estimate with a lever and decreased by 45% from a very high comparison level to EUR 0.38.

## Cash flow is reversed due to seasonal factors

Koskisen's cash flow was clearly negative in Q1, but we believe this was mainly due to the seasonal nature of inventories and also exceptionally high purchase invoices at the end of the year. 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. Investments in the new unit in Järvelä that will start operating at the beginning of July continued in Q1, but despite the clearly negative cash flow, Koskisen's balance sheet is in very good condition thanks to recent record results and the IPO.

Estimates	Q1'22	Q1'23	Q1'23e	Q1'23e	Consensus		Difference (%)	2023e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	78.8	73.2	71.9				2%	296
EBITDA (adj.)	16.0	12.6	10.0				26%	42.1
EBIT	14.6	10.7	8.0				34%	32.6
PTP	14.8	10.3	7.2				43%	30.1
EPS (adj.)	0.69	0.38	0.25				52%	1.07
Revenue growth-%		-7.1 %	-8.7 %				1.6 pp	2.0 %
EBITDA-% (adj.)	20.3 %	17.2 %	13.9 %				3.4 pp	14.2 %

Source: Inderes

# Our short-term estimates increased, especially in the Panel industry

## Guidance remained unchanged as expected

Koskisen repeated the guidance given in the prospectus, where it expects that its 2023 revenue will not exceed the 2022 level (2021 revenue 318 MEUR), and its adjusted EBITDA margin is 12-14%. Repeating the guidance at this stage of the year was expected. Q1 was strong relative to the guidance (Q1 adjusted EBITDA-% 17%), which created a solid base for the guidance and reaching the top of the range.

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 the volumes of the Panel industry decreased and prices increased. Therefore, we no longer believe that price levels will rise significantly and even the price of birch logs will remain elevated. In the longer term, however, we are skeptical about the maintenance of

existing price and especially margin levels as we believe that the 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, as supply seems sufficient.

## Our estimates for the Panel industry improved

After the Q1 report, we took a clearly more positive view of the duration of the market disruption and high price levels in the Panel industry, whereas the estimate changes for the Sawn Timber industry were small. We expect the result of the Sawn Timber industry to bottom out this year especially as the Järvelä investment will support the earnings base from next year onwards. On the other hand, due to a

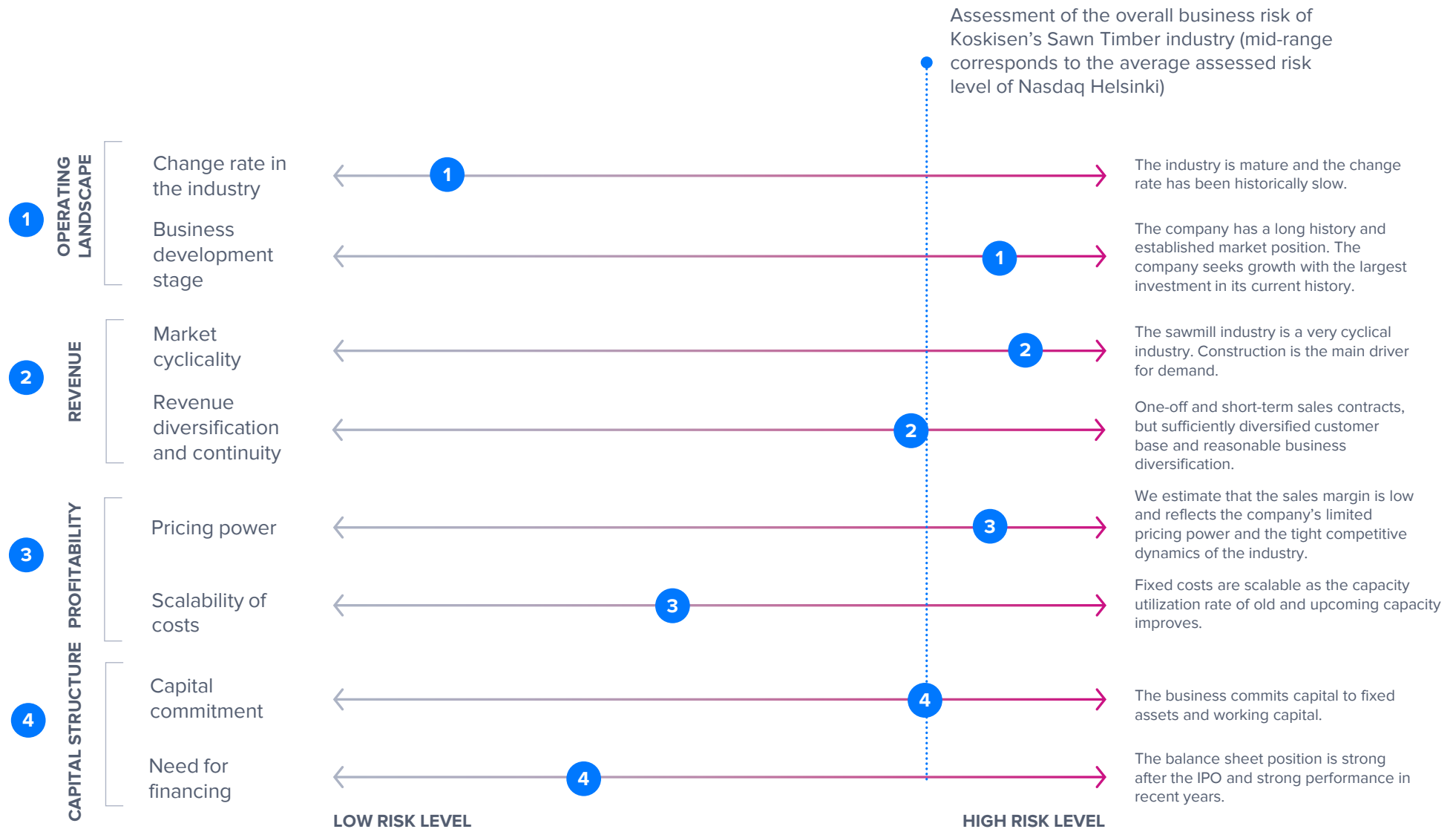
subdued cycle and tighter competition, we do not expect top results from the unit quickly. The changes significantly increased our estimates for the current year and next year, but we did not change our view on the company's longer-term earnings potential at this time. We also lowered our estimates for net financial expenses slightly.

In terms of profitability, our 2023 estimate is at the top of the guidance range. We expect the operating result to fall clearly from the top levels of 2022 when approaching the middle of the decade. At the same time, the quality of the result improves, because in the middle of the decade earnings are achieved with higher volume and greater efficiency, while in recent times 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.

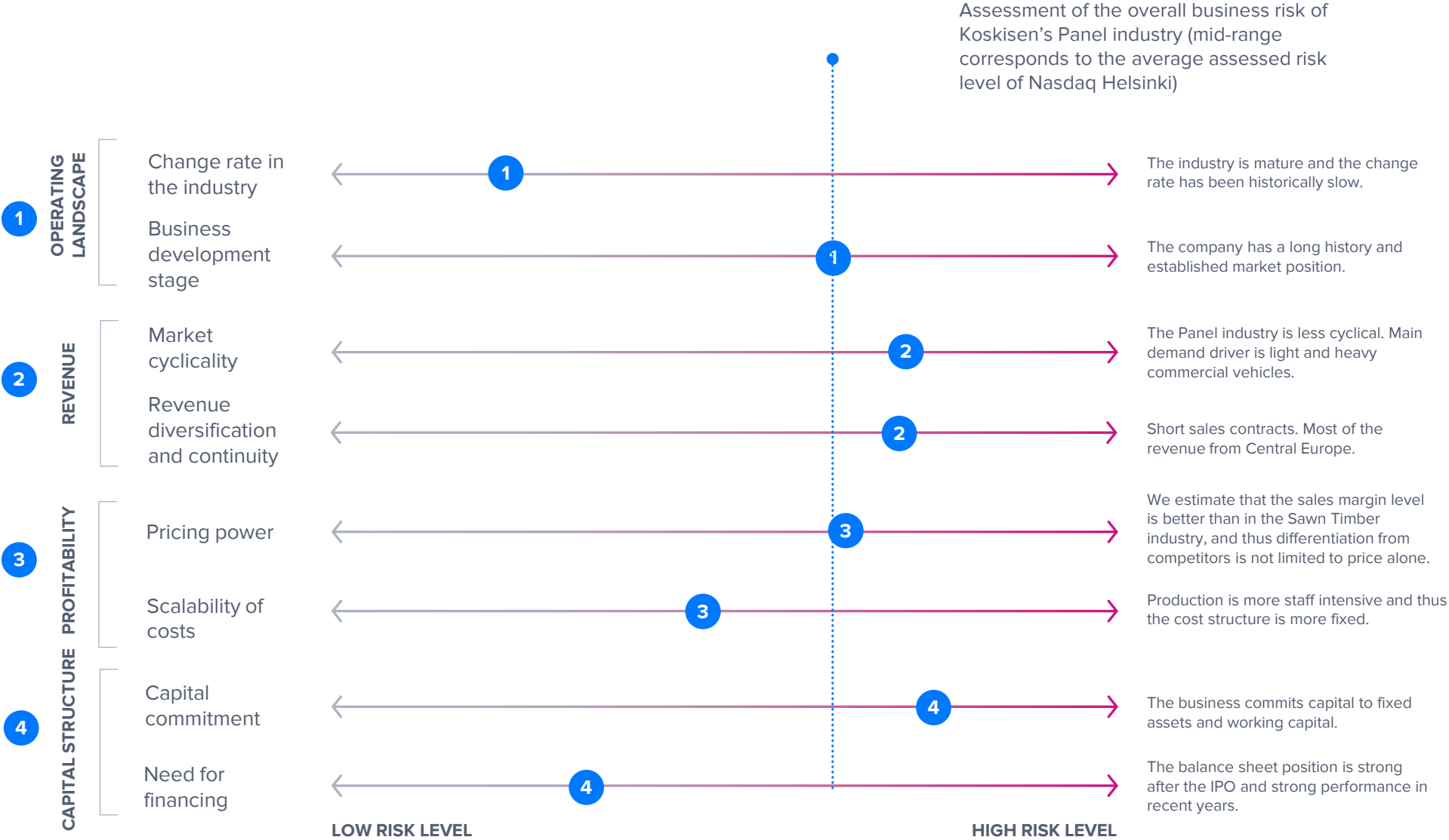
Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	277	296	7%	278	301	8%	284	312	10%
EBITDA	32.6	42.1	29%	27.4	33.5	22%	28.1	30.2	8%
EBIT (exc. NRIs)	24.1	32.6	35%	15.4	21.5	39%	16.0	18.2	13%
EBIT	24.1	32.6	35%	15.4	21.5	39%	16.0	18.2	13%
PTP	21.1	30.1	43%	12.6	19.0	51%	13.2	16.2	23%
EPS (excl. NRIs)	0.73	1.07	46%	0.44	0.66	51%	0.46	0.56	23%
DPS	0.00	0.32		0.00	0.25		0.00	0.20	

Source: Inderes

## Risk profile of Koskisen' Sawn Timber industry



# Risk profile of the Koskisen's Panel industry



# The valuation is moderate, but there are reasons for it

## 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. We also believe a balance sheet multiple is a relatively good tool for valuing Koskisen especially relative to return on capital considering the relatively capital-intensive nature of the business. Our accepted P/B range for the company is 0.7x-1.3x.

## We believe that it is justified to seek the multiples at the bottom end of the ranges

With our 2023 and 2024 estimates Koskisen's P/E ratios are 6x and 10x and corresponding EV/EBITDA ratios are 3x-4x. Thus the share is priced at the bottom end of the accepted valuation ranges and the valuation cannot be considered particularly demanding with absolute multiples. On the other hand, in the current declining earnings trend, the acceptable valuation is not particularly high, especially in the current interest rate environment. In addition, the quality of the result, namely relying on the very high margins of the Panel industry in particular, in our opinion limits the acceptable valuation and speaks for relying on the bottom end of the ranges. The balance sheet based P/B 1.0x for 2023 is also in the middle of our range. Considering this overall picture, we estimate that the expected return consisting of

decreased earnings, increase in the acceptable valuation and close on 5% dividend yield is roughly in line with the required return for the next year. The expected return would turn positive if Koskisen was able to maintain its profitability closer to the targeted 15% EBITDA than the around 10% level we estimate also in the next few years.

## In relative terms, pricing does not seem completely wrong

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 on a premium. In addition, the multiples are more or less in line with the clearest peer the Swedish Bergs Timber for 2023 and 2024. Therefore, we do not consider the relative valuation of the share to be disproportionate, even if we feel the peer group as a whole is cheap rather than expensive.

## DCF also provides a neutral signal

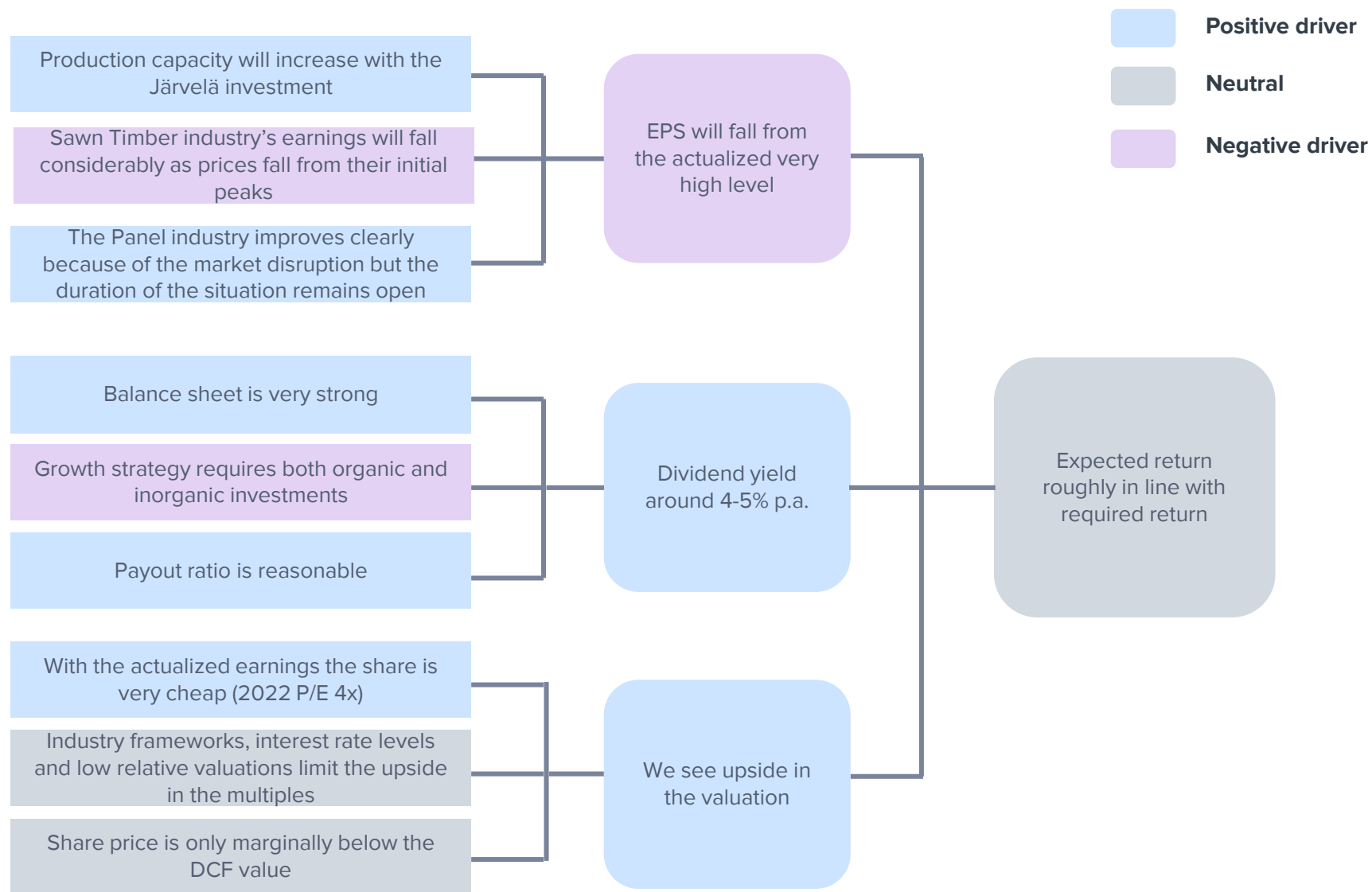
We also give weight to the cash flow based model (DCF) in our valuation despite it being sensitive to the variables of the terminal period. According to our DCF model, the share value is around EUR 7, which supports our view that the share is roughly correctly priced just like the other methods we use. Our model is certainly conservative, especially in terms of long-term profitability compared to the company's current level but we believe that this is still justified considering the longer-term history of the industries and the very exceptional market conditions of recent years.

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	123	124	114
P/E (adj.)	6.0	9.7	11.4
P/E	6.0	9.7	11.4
P/FCF	19.7	17.1	8.4
P/B	1.0	0.9	0.9
P/S	0.5	0.5	0.5
EV/Sales	0.4	0.4	0.4
EV/EBITDA	2.9	3.7	3.8
EV/EBIT (adj.)	3.8	5.8	6.3
Payout ratio (%)	29.9 %	38.0 %	35.6 %
Dividend yield-%	5.0 %	3.9 %	3.1 %

Source: Inderes



# EPS 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	123	124	114	101
P/E (adj.)					3.6	6.0	9.7	11.4	10.3
P/E					3.6	6.0	9.7	11.4	10.3
P/FCF					2.6	19.7	17.1	8.4	8.0
P/B					1.1	1.0	0.9	0.9	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	2.9	3.7	3.8	3.2
EV/EBIT (adj.)					2.0	3.8	5.8	6.3	5.2
Payout ratio (%)					25.1%	29.9 %	38.0 %	35.6 %	40.1 %
Dividend yield-%					6.9 %	5.0 %	3.9 %	3.1 %	3.9 %

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	99	97	8.1	4.8	4.8	3.4	0.4	0.4	9.6	5.5	3.5	4.8	0.6
Interfor Corp	750	1379	60.8	7.8	8.5	4.4	0.6	0.5		7.8			0.6
Boise Cascade	2758	2271	5.5	6.3	4.3	4.7	0.4	0.4	9.0	10.4	3.5	0.8	1.3
West Fraser Timber	5727	5428		11.8	9.6	4.9	0.9	0.8	102.6	13.1	1.6	1.7	0.8
Canfor	1677	1668		9.8	11.7	3.6	0.4	0.4		16.6			0.6
Stora Enso	9701	12699	14.1	11.5	8.3	7.2	1.2	1.2	15.8	12.5	4.6	4.4	0.8
<b>Koskisen (Inderes)</b>	<b>147</b>	<b>123</b>	<b>3.8</b>	<b>5.8</b>	<b>2.9</b>	<b>3.7</b>	<b>0.4</b>	<b>0.4</b>	<b>6.0</b>	<b>9.7</b>	<b>5.0</b>	<b>3.9</b>	<b>1.0</b>
<b>Average</b>			<b>22.1</b>	<b>8.7</b>	<b>7.9</b>	<b>4.7</b>	<b>0.6</b>	<b>0.6</b>	<b>34.3</b>	<b>11.0</b>	<b>3.3</b>	<b>2.9</b>	<b>0.8</b>
<b>Median</b>			<b>11.1</b>	<b>8.8</b>	<b>8.4</b>	<b>4.5</b>	<b>0.5</b>	<b>0.5</b>	<b>12.7</b>	<b>11.4</b>	<b>3.5</b>	<b>3.1</b>	<b>0.7</b>
<b>Diff-% to median</b>			<b>-66%</b>	<b>-34%</b>	<b>-65%</b>	<b>-18%</b>	<b>-18%</b>	<b>-10%</b>	<b>-53%</b>	<b>-15%</b>	<b>43%</b>	<b>27%</b>	<b>45%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2021	2022	Q1'23	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
<b>Revenue</b>	<b>311</b>	<b>318</b>	<b>73.2</b>	<b>75.6</b>	<b>73.4</b>	<b>74.0</b>	<b>296</b>	<b>301</b>	<b>312</b>	<b>307</b>
Sawn Timber industry	188	166	32.1	32.9	33.0	33.0	131	150	165	167
Panel industry	123	152	41.1	42.7	40.4	41.0	165	151	147	140
<b>EBITDA</b>	<b>62.2</b>	<b>66.3</b>	<b>12.6</b>	<b>9.9</b>	<b>9.1</b>	<b>10.5</b>	<b>42.1</b>	<b>33.5</b>	<b>30.2</b>	<b>31.6</b>
Depreciation	-9.5	-8.1	-2.0	-2.0	-2.5	-3.0	-9.5	-12.0	-12.0	-12.0
<b>EBIT (excl. NRI)</b>	<b>52.7</b>	<b>58.5</b>	<b>10.7</b>	<b>7.9</b>	<b>6.6</b>	<b>7.5</b>	<b>32.6</b>	<b>21.5</b>	<b>18.2</b>	<b>19.6</b>
<b>EBIT</b>	<b>52.7</b>	<b>58.2</b>	<b>10.7</b>	<b>7.9</b>	<b>6.6</b>	<b>7.5</b>	<b>32.6</b>	<b>21.5</b>	<b>18.2</b>	<b>19.6</b>
Sawn Timber industry (EBITDA)	50.7	41.6	1.6	0.7	0.0	1.5	3.8	10.1	12.3	15.1
Panel industry (EBITDA)	14.1	29.3	9.8	9.3	9.2	9.1	37.4	23.6	18.4	17.0
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	-2.0	-2.5	-3.0	-9.5	-12.0	-12.0	-12.0
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	-2.5	-2.5	-2.0	-1.7
<b>PTP</b>	<b>47.9</b>	<b>57.8</b>	<b>10.3</b>	<b>7.3</b>	<b>5.9</b>	<b>6.7</b>	<b>30.1</b>	<b>19.0</b>	<b>16.2</b>	<b>17.9</b>
Taxes	-9.4	-11.8	-1.5	-1.5	-1.2	-1.3	-5.5	-3.8	-3.2	-3.6
Minority interest	-9.3	-6.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net earnings</b>	<b>29.2</b>	<b>39.8</b>	<b>8.8</b>	<b>5.8</b>	<b>4.7</b>	<b>5.4</b>	<b>24.7</b>	<b>15.2</b>	<b>12.9</b>	<b>14.4</b>
<b>EPS (adj.)</b>	<b>2.32</b>	<b>1.74</b>	<b>0.38</b>	<b>0.25</b>	<b>0.20</b>	<b>0.23</b>	<b>1.07</b>	<b>0.66</b>	<b>0.56</b>	<b>0.62</b>
<b>EPS (rep.)</b>	<b>2.32</b>	<b>1.73</b>	<b>0.38</b>	<b>0.25</b>	<b>0.20</b>	<b>0.23</b>	<b>1.07</b>	<b>0.66</b>	<b>0.56</b>	<b>0.62</b>

Key figures	2021	2022	Q1'23	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
<b>Revenue growth-%</b>	41.5 %	2.1 %	0.0 %	0.0 %	0.0 %	-76.7 %	-6.8 %	1.6 %	3.7 %	-1.6 %
<b>EBITDA-%</b>	20.0 %	20.9 %	17.2 %	13.1 %	12.4 %	14.1 %	14.2 %	11.1 %	9.7 %	10.3 %
<b>Adjusted EBIT-%</b>	16.9 %	18.4 %	14.5 %	10.4 %	9.0 %	10.1 %	11.0 %	7.1 %	5.8 %	6.4 %
<b>Net earnings-%</b>	9.4 %	12.5 %	12.0 %	7.7 %	6.4 %	7.3 %	8.3 %	5.0 %	4.1 %	4.7 %

# Balance sheet

Assets	2021	2022	2023e	2024e	2025e
<b>Non-current assets</b>	<b>86.8</b>	<b>105</b>	<b>116</b>	<b>115</b>	<b>111</b>
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	110	108	104
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
<b>Current assets</b>	<b>114</b>	<b>154</b>	<b>134</b>	<b>138</b>	<b>145</b>
Inventories	38.1	34.2	32.6	36.1	37.4
Other current assets	5.4	9.9	9.9	9.9	9.9
Receivables	29.5	25.5	23.7	30.1	31.2
Cash and equivalents	40.5	84.4	67.9	61.7	66.3
<b>Balance sheet total</b>	<b>200</b>	<b>259</b>	<b>250</b>	<b>253</b>	<b>256</b>

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
<b>Equity</b>	<b>58.8</b>	<b>136</b>	<b>150</b>	<b>158</b>	<b>165</b>
Share capital	1.5	1.5	1.5	1.5	1.5
Retained earnings	34.5	60.6	75.3	83.1	90.3
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
<b>Non-current liabilities</b>	<b>75.7</b>	<b>56.3</b>	<b>46.9</b>	<b>41.9</b>	<b>36.9</b>
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	30.0
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
<b>Current liabilities</b>	<b>65.8</b>	<b>66.5</b>	<b>52.3</b>	<b>52.5</b>	<b>53.8</b>
Short term debt	6.2	6.5	4.0	3.5	3.0
Payables	50.7	59.1	47.4	48.2	49.9
Other current liabilities	8.9	0.9	0.9	0.9	0.9
<b>Balance sheet total</b>	<b>200</b>	<b>259</b>	<b>250</b>	<b>253</b>	<b>256</b>

# DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	2.1 %	-6.8 %	1.6 %	3.7 %	-1.6 %	3.0 %	3.0 %	2.5 %	2.5 %	2.5 %	2.0 %	2.0 %
EBIT-%	18.3 %	11.0 %	7.1 %	5.8 %	6.4 %	6.0 %	6.0 %	5.5 %	5.0 %	5.0 %	5.0 %	5.0 %
<b>EBIT (operating profit)</b>	<b>58.2</b>	<b>32.6</b>	<b>21.5</b>	<b>18.2</b>	<b>19.6</b>	<b>19.0</b>	<b>19.5</b>	<b>18.4</b>	<b>17.1</b>	<b>17.5</b>	<b>17.9</b>	
+ Depreciation	8.1	9.5	12.0	12.0	12.0	11.6	10.9	10.8	10.6	10.6	10.5	
- Paid taxes	-18.3	-5.4	-3.8	-3.2	-3.6	-3.5	-3.6	-3.3	-3.1	-3.2	-3.2	
- Tax, financial expenses	-0.1	-0.4	-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	-8.3	-9.2	-0.7	0.3	-0.6	-0.6	-0.5	-0.5	-0.5	-0.4	
<b>Operating cash flow</b>	<b>47.6</b>	<b>28.0</b>	<b>20.0</b>	<b>25.9</b>	<b>28.0</b>	<b>26.2</b>	<b>26.0</b>	<b>25.0</b>	<b>23.8</b>	<b>24.1</b>	<b>24.4</b>	
+ 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	-20.5	-11.4	-8.4	-9.5	-9.7	-9.9	-10.1	-10.3	-10.5	-11.8	
<b>Free operating cash flow</b>	<b>29.1</b>	<b>7.5</b>	<b>8.6</b>	<b>17.5</b>	<b>18.5</b>	<b>16.5</b>	<b>16.1</b>	<b>14.9</b>	<b>13.6</b>	<b>13.6</b>	<b>12.6</b>	
+/- 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	7.5	8.6	17.5	18.5	16.5	16.1	14.9	13.6	13.6	12.6	154
<b>Discounted FCFF</b>		<b>7.1</b>	<b>7.4</b>	<b>13.6</b>	<b>13.0</b>	<b>10.5</b>	<b>9.3</b>	<b>7.8</b>	<b>6.4</b>	<b>5.8</b>	<b>4.9</b>	<b>60.1</b>
Sum of FCFF present value		146	139	131	118	105	94.3	85.1	77.3	70.9	65.0	60.1
<b>Enterprise value DCF</b>		<b>146</b>										
- Interesting bearing debt		-56.0										
+ Cash and cash equivalents		84.4										
-Minorities		0.0										
-Dividend/capital return		-10.0										
<b>Equity value DCF</b>		<b>164</b>										
<b>Equity value DCF per share</b>		<b>7.1</b>										
<b>Cash flow distribution</b>												
	2023e-2027e											35%
	2028e-2032e											23%
	TERM											41%
■ 2023e-2027e ■ 2028e-2032e ■ TERM												
<b>WACC</b>												
Tax-% (WACC)		20.0 %										
Target debt ratio (D/(D+E))		20.0 %										
Cost of debt		6.5 %										
Equity Beta		1.60										
Market risk premium		4.75%										
Liquidity premium		1.50%										
Risk free interest rate		2.5 %										
<b>Cost of equity</b>		<b>11.6 %</b>										
<b>Weighted average cost of capital (WACC)</b>		<b>10.3 %</b>										

Source: Inderes

# Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	220.0	311.3	317.7	296.2	301.0	EPS (reported)	-0.26	2.32	1.73	1.07	0.66
EBITDA	11.3	62.2	66.3	42.1	33.5	EPS (adj.)	-0.26	2.32	1.74	1.07	0.66
EBIT	2.2	52.7	58.2	32.6	21.5	OCF / share	0.81	4.18	2.07	1.22	0.87
PTP	-4.4	47.9	57.8	30.1	19.0	FCF / share	0.51	2.62	2.43	0.33	0.38
Net Income	-3.3	29.2	39.8	24.7	15.2	Book value / share	0.52	2.83	5.90	6.54	6.88
Extraordinary items	0.0	0.0	-0.3	0.0	0.0	Dividend / share	0.00	0.00	0.43	0.32	0.25
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	151.8	200.3	258.6	249.6	252.7	Revenue growth-%	0%	42%	2%	-7%	2%
Equity capital	20.4	58.8	135.8	150.5	158.3	EBITDA growth-%		449%	7%	-37%	-20%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%		2259%	11%	-44%	-34%
Net debt	71.4	34.1	-28.5	-23.9	-23.2	EPS (adj.) growth-%		-991%	-25%	-38%	-39%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	5.2 %	20.0 %	20.9 %	14.2 %	11.1 %
EBITDA	11.3	62.2	66.3	42.1	33.5	EBIT (adj.)-%	1.0 %	16.9 %	18.4 %	11.0 %	7.1 %
Change in working capital	-1.9	-6.1	12.3	-8.3	-9.2	EBIT-%	1.0 %	16.9 %	18.3 %	11.0 %	7.1 %
Operating cash flow	10.2	52.7	47.6	28.0	20.0	ROE-%	0.0 %	138.8 %	46.4 %	17.2 %	9.8 %
CAPEX	-3.7	-9.7	-22.0	-20.5	-11.4	ROI-%	0.0 %	45.2 %	35.8 %	16.9 %	11.0 %
Free cash flow	6.5	33.0	55.9	7.5	8.6	Equity ratio	13.4 %	29.4 %	52.5 %	60.3 %	62.6 %
						Gearing	350.4 %	57.9 %	-21.0 %	-15.9 %	-14.6 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S			0.4	0.4	0.4						
EV/EBITDA (adj.)			1.8	2.9	3.7						
EV/EBIT (adj.)			2.0	3.8	5.8						
P/E (adj.)	0.0	0.0	3.6	6.0	9.7						
P/B	0.0	0.0	1.1	1.0	0.9						
Dividend-%			6.9 %	5.0 %	3.9 %						

Source: Inderes

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## Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
24-02-23	Reduce	6.00 €	6.35 €
17-03-23	Reduce	6.00 €	6.29 €
----- Analyst changed -----			
25-05-23	Reduce	6.75 €	6.40 €





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