

Suominen

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Pohjakosketus on todennäköisesti ohitettu" published on 10/29/2020 at 08:25

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Rock bottom has probably been passed

Suominen's Q3 result was very weak, but more importantly, market comments and further details related to the guidance confirmed that demand recovery has begun. Considering minor negative estimate changes and the rise in the return requirement we adjust our target price for Suominen to EUR 5.25 (previously EUR 5.60) and reiterate our Accumulate recommendation. Suominen's valuation is very moderate from all angles and thus we also find the return expectation good, given that the level of Q3 represent the rock bottom for the earnings.

Q3 even worse than expected due to volume problem

Suominen's net sales fell by 15% in Q3 to EUR 99 million, which was between our and consensus estimates. Volumes fell briskly in Q3 from a very high comparison period, as anticipated based on the profit warning issued in summer. Sales prices increased with raw material prices in Q3 and the effect of currencies on sales was already positive. Suominen's EBITDA decreased in Q3 from an excellent comparison period by 77 % to EUR 4.6 million. The collapse was worse than we and the consensus anticipated. The undercut was mainly due to the record low gross margin for the company in its current form (Q3: GM % 5.5 %, -11.5 pp y-o-y), mainly due to the distribution of fixed costs to lower tonnage. The quicker increase in raw material prices than in sales prices also burdened the gross margin, but based on company comments and our calculations, this impact was significantly lower than the volume decrease. Thus, we believe the gross margin has preconditions to return to a moderate level quickly as volume recovers, even though the prices of raw materials, energy and logistics are still high.

Demand is returning already in Q4

Suominen reiterated its guidance from the August profit warning that the company's comparable EBITDA in 2021 will decrease from 2020 due to the slowdown in the demand for nonwovens in H1'21 as well as some continuing volatility in raw material and transportation markets. In addition, the company specified that the adjusted EBITDA will be EUR 47-53 million (2020: adjusted EBITDA EUR 61 million). Considering the 9-month figure, the specification in practice refers to a clear earnings improvement in Q4 relative to Q3. The company also reported that demand that stalled in summer had started to recover as expected (or even slightly in advance to expectations). Because of the encouraging guidance, we kept our Q4 estimates unchanged, and even from this point of view our adjusted EBITDA estimate for 2021 is at the at the lower end of the range. We made negative revisions of a few percentage points to our adjusted EBITDA estimates for the next few years, mainly due to steeper increases in energy and logistics prices than we expected in summer. Thus, we expect Suominen's profitability to reach a good level despite the temporary demand slump in late 2021 thanks to healthy demand, the company's own development and efficiency measures, and calming inflation (2021e-2023e: adjusted EBITDA-% 11-12% vs. company target over 12% in 2025).

Valuation still moderate despite estimate cuts

Suominen's P/E ratios for 2021 and 2022 based on our estimates are 15x and 14x. EV/EBITDA ratios that better describe the company's good cash flow are 6x. The multiples are on par or below with the company's 5-year medians. Thus, the valuation is becoming very attractive when recovery from the short demand shock starts in Q4 (although earnings growth is hardly a share driver before next spring/summer). In addition to the upside in the multiples, the expected return is supported by a 4% dividend yield, which we believe is secured due to the strong balance sheet. The moderate pricing picture is also supported by our DCF model that rises above our target price.

Recommendation

Accumulate

(previous Accumulate)

EUR 5.25

(previous EUR 5.60)

Share price:

4.72



Key figures

	2020	2021e	2022e	2023e
Revenue	459	432	475	494
growth-%	12 %	-6 %	10 %	4 %
EBIT adj.	39,5	28,3	30,0	34,4
EBIT-% adj.	8,6 %	6,5 %	6,3 %	7,0 %
Net Income	30,1	21,1	19,0	23,4
EPS (adj.)	0,52	0,32	0,33	0,41

P/E (adj.)	9,7	14,9	14,3	11,6
P/B	2,0	1,7	1,6	1,5
Dividend yield-%	3,9 %	4,2 %	4,7 %	5,1 %
EV/EBIT (adj.)	8,5	10,9	9,8	8,0
EV/EBITDA	5,5	6,3	5,6	5,0
EV/S	0,7	0,7	0,6	0,6

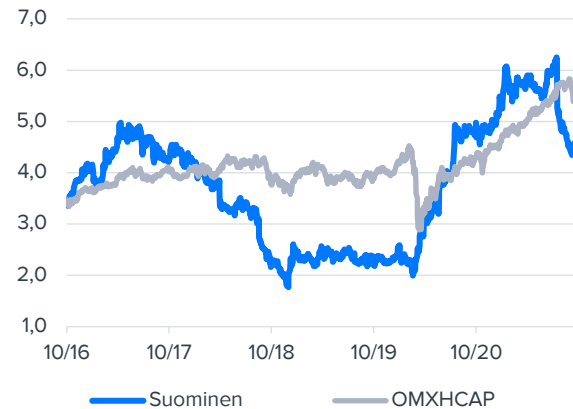
Source: Inderes

Guidance

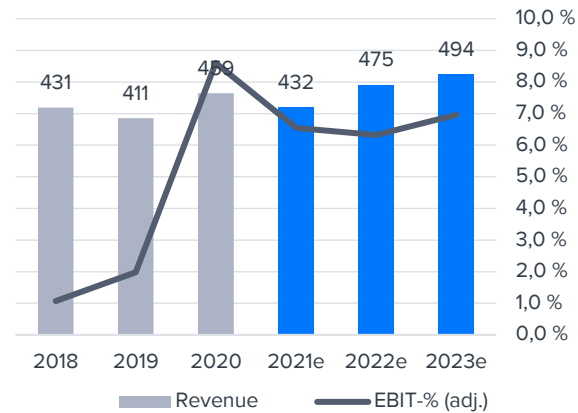
(Revised)

Suominen expects that its comparable EBITDA in 2021 will decrease from 2020 due to the slowdown in the demand for nonwovens in the second half of 2021 as well as some continuing volatility in the raw material and transportation markets and will amount to EUR 47–53 million. In 2020, Suominen's comparable EBITDA was EUR 60.9 million.

Share price



Revenue and EBIT %



EPS and dividend



Value drivers

- Profitability turnaround with volume and value growth
- Gradual growth in demanding higher margin products (for example sustainable products)
- Healthy nonwoven demand growth above GDP level
- COVID-19 gives tailwind for demand



Risk factors

- Fierce competition
- Weak pricing power
- Losing a major customer
- Raw-materials price risks

Valuation	2021e	2022e	2023e
Share price	4,72	4,72	4,72
Number of shares, millions	57,5	57,5	57,5
Market cap	271	271	271
EV	307	294	276
P/E (adj.)	14,9	14,3	11,6
P/E	12,8	14,3	11,6
P/FCF	20,4	9,4	8,2
P/B	1,7	1,6	1,5
P/S	0,6	0,6	0,5
EV/Sales	0,7	0,6	0,6
EV/EBITDA	6,3	5,6	5,0
EV/EBIT (adj.)	10,9	9,8	8,0
Payout ratio (%)	54,4 %	66,6 %	58,9 %
Dividend yield-%	4,2 %	4,7 %	5,1 %

Source: Inderes

Q3 numbers were even worse than expected...

Sales stalled with volumes

Suominen's net sales fell by 15% in Q3 from the comparison period to EUR 99 million, which went between our and consensus' estimates. The net sales drop was driven especially by volumes that decreased from the extremely high comparison period spurred on by the pandemic (we believe a drop of roughly 20-25% vs. Q3'20). Sales prices rose mainly reflecting the increase in raw material prices. Instead, the effect of FX turned marginally positive in terms of net sales already in Q3 (Q3: EUR 0.7 million).

By market area, the report was atypical as expected for Suominen. In the Americas, net sales decreased by 22%. This reflects the low demand and low utilization rates because of high inventories in value chain especially in North America (there are no inventory problems in Brazil). Europe's net sales growth was zero, which is not a good level, but highlights that problems occurred especially in the US. In recent years, Suominen has been relatively

stronger in the Americas and we expect this situation to return.

Profitability clearly exceeded estimates

Suominen's EBITDA decreased in Q3 from an excellent comparison period by 77 % to EUR 4.6 million. The collapse was worse than we and the consensus anticipated. The undercut was mainly due to the record low gross margin for the company in its current form (Q3: GM % 5.5 %, -11.5 pp y-o-y), mainly due to the distribution of fixed costs to lower tonnage. The quicker increase in raw material prices than in sales prices also burdened the gross margin, but based on company comments and our calculations, this impact was significantly lower than the volume decrease. Thus, we believe the gross margin has preconditions to return to a moderate level quickly as volume recovers, even though the prices of raw materials, energy and logistics are high. Exchange rates burdened EBITDA with EUR 0.2 million in Q3. Already after normal depreciation,

Suominen's operating profit was in red in Q3.

Cash flow dipped, but here too the problem seems to be volume-based

Suominen's financial expenses were lower than we expected, probably due to currency-based reasons, while the company recorded taxes as positive. As a result, EPS fell to EUR -0.03 and was below expectations.

Operational cash flow dropping to EUR -9 million (Q3'20 EUR 20 million) was also negative in the Q3 report. Cash flow was primarily depressed by accounts payable shrinking with volume. However, inventories remained surprisingly well under control considering the weak volume and inflation, so we also expect working capital to normalize with the volume. Suominen's net gearing remained clearly below the company's target level at 30% (target 40-80%). Thus, the company's financial position is still quite good.

Estimates	Q3'20	Q3'21	Q3'21e	Q3'21e	Consensus	Difference (%)	2021e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	115	99	96	100	96	- 108	432
EBITDA	18.1	4.2	8.6	9.0	8.6	- 9.5	48.6
EBIT	12.9	-0.8	3.6	4.0	3.6	- 4.5	28.3
EPS (adj.)	0.19	-0.03	0.03	0.04	0.03	- 0.05	0.32
Revenue growth-%	11.7 %	-14.5 %	-16.8 %	-13.4 %	-16.8 %	- -6.4 %	-5.9 %
EBIT-% (adj.)	11.2 %	-0.9 %	3.7 %	0.0 %	0.0 %	- 0.0 %	6.5 %

Source: Inderes & Vara Research (consensus)

... but signs of demand recovery are encouraging currently

The result is expected to recover clearly already in Q4

Suominen reiterated its guidance from the August profit warning that the company's comparable EBITDA in 2021 will decrease from 2020 due to the slowdown in the demand for nonwovens in H1'21 as well as some continuing volatility in raw material and transportation markets. In addition, the company specified that the adjusted EBITDA will be EUR 47-53 million (2020: adjusted EBITDA EUR 61 million).

Considering the 9-month figure, the specification in practice refers to a clear earnings improvement in Q4 relative to Q3 (guidance for Q4 adjusted EBITDA is EUR 9-15 million vs. Q3 EUR 4.2 million vs. Q4'20 EUR 13.5 million). The company also reported that the demand that stalled in summer had started to recover as expected in the US and supply chains in Europe are in better condition anyway. Because of the encouraging guidance, we kept our Q4 estimates

unchanged, and even from this point of view our adjusted EBITDA estimate for the current year is at the lower end of the range. At this stage of the year, the company's visibility into Q4 should be reasonable.

We lowered our estimates for the next few years a smidgen

We made negative revisions of a few percentage points to our adjusted EBITDA estimates for the next few years, mainly due to steeper increases in energy and logistics prices than we expected in summer and a cost level that may remain high for longer. Due to cost level reasons, we also increased our growth estimates. We still expect the company's pricing to catch up in 2022 with the margin burden from inflation in 2021.

Thus, we expect Suominen's profitability to reach a relatively good level in the next years despite the temporary demand slump in late 2021 thanks to

healthy demand, the company's own development and efficiency measures, and calming inflation (2021e-2023e: adjusted EBITDA-% 11-12% vs. company target over 12% in 2025). Our margin expectations are slightly higher than the company's 5-year average (adjusted EBITDA-% around 9.6%), which is based on the progress of Suominen strategy for sustainable nonwovens with a better margin profile (13 new products launched in 2021 vs. objective of 10) and improved overall efficiency.

The main risks for our estimates are raw material prices, increased competition (incl. several production lines starting in both of the company's main markets in 2022-2023, when investments decided after the COVID outbreak are completed) and limited pricing power. We are confident about long-term demand, as the assessments of different players of the permanence of the demand tailwind from the pandemic have not changed.

Estimate revisions	2021e	2021e	Change	2022e	2022e	Change	2023e	2023e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	425	432	2%	459	475	3%	477	494	3%
EBITDA	53.0	48.6	-8%	53.5	52.1	-3%	55.5	55.3	0%
EBIT (exc. NRIs)	32.5	28.3	-13%	31.3	30.0	-4%	34.7	34.4	-1%
EBIT	32.5	28.3	-13%	31.3	30.0	-4%	34.7	34.4	-1%
PTP	31.5	27.6	-12%	26.6	25.3	-5%	31.5	31.2	-1%
EPS (excl. NRIs)	0.37	0.32	-15%	0.35	0.33	-5%	0.41	0.41	-1%
DPS	0.20	0.20	0%	0.22	0.22	0%	0.24	0.24	0%

Source: Inderes

Valuation is moderate from all angles

We see upside in the valuation as long as the demand problem is temporary

Suominen's P/E ratios for 2021 and 2022 based on our estimates are around 15x and 14x and EV/EBITDA ratios that better describe the company's good cash flow are around 6x. The multiples are on par or below with the company's 5-year medians (also considering the positive effect the IFRS 16 standard has on the EV/EBITDA ratio). 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. We do not feel the valuation is high and believe the risks related to the multiples are very limited. Thus, investors mainly carry risks related to the robustness of the estimates. We believe, however, that the valuation is quite low, despite slight the estimate cuts, and we see upside in it, provided that the demand problem is proven to be temporary. We do, however, believe that the market requires concrete evidence from the company that the result is recovering and remaining at least stable in 2022 before accepting a higher valuation.

We expect Suominen's investment level to be below the huge mass of depreciation in the next few years despite announced investments in Italy and the US (upgrade and restart of an existing production line in Italy was completed in Q3 and two other investments will be completed later in the year). Therefore, Suominen's free cash flow return can be 10% after 2021, which we find attractive in a zero-interest environment.

We expect Suominen's dividend yield at the current share price to be around 4% in the next few years and offer investors a reasonable base return. Although we don't expect earnings growth until next spring or summer (H1 comparison figures are tough), we believe

that considering the dividend and the upside hidden in the multiples within 12 months the return expectation for the share in the next 12 months is clearly higher than the return requirement. However, due to the macroeconomic situation (inflation and interest rate expectations) we have also slightly raised Suominen's return requirement.

Peer group does not work as a share price driver

Relative to the loosely linked peer group, Suominen's share is valued at a discount to its peers on an EV-basis. We do not, however, see that the relative valuation would work as a share price driver for Suominen. Our DCF model (EUR 5.70 per share) also indicates a good upside for the share. We also feel the terminal model is rather conservative (terminal weight 51%). 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.

Long-term potential still relatively good

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% EBITDA-%) 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 11-12% annual IRR potential (including annually growing around 4% dividend yield) for an investor that would invest in Suominen now. Thus, we believe the share has increasing longer-term potential even if our current estimates are somewhat below the company's targets. Suominen's overall valuation picture contains reasons for patience from several angles.

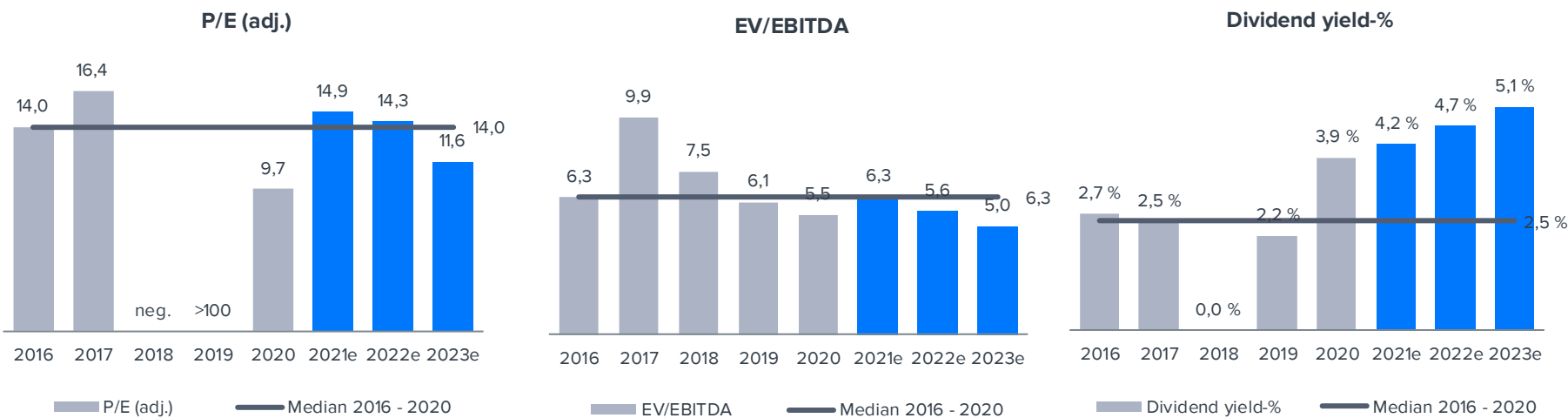
Valuation	2021e	2022e	2023e
Share price	4,72	4,72	4,72
Number of shares, millions	57,5	57,5	57,5
Market cap	271	271	271
EV	307	294	276
P/E (adj.)	14,9	14,3	11,6
P/E	12,8	14,3	11,6
P/FCF	20,4	9,4	8,2
P/B	1,7	1,6	1,5
P/S	0,6	0,6	0,5
EV/Sales	0,7	0,6	0,6
EV/EBITDA	6,3	5,6	5,0
EV/EBIT (adj.)	10,9	9,8	8,0
Payout ratio (%)	54,4 %	66,6 %	58,9 %
Dividend yield-%	4,2 %	4,7 %	5,1 %

Source: Inderes

Valuation table

Valuation	2016	2017	2018	2019	2020	2021e	2022e	2023e	2024e
Share price	4,14	4,42	2,05	2,31	5,08	4,72	4,72	4,72	4,72
Number of shares, millions	51,2	53,6	57,5	57,5	57,5	57,5	57,5	57,5	57,5
Market cap	212	258	118	133	292	271	271	271	271
EV	277	341	192	204	334	307	294	276	258
P/E (adj.)	14,0	16,4	neg.	>100	9,7	14,9	14,3	11,6	10,4
P/E	14,0	16,4	neg.	>100	9,7	12,8	14,3	11,6	10,4
P/FCF	neg.	43,5	5,5	6,3	5,8	20,4	9,4	8,2	8,1
P/B	1,5	1,9	0,9	1,0	2,0	1,7	1,6	1,5	1,4
P/S	0,5	0,6	0,3	0,3	0,6	0,6	0,6	0,5	0,5
EV/Sales	0,7	0,8	0,4	0,5	0,7	0,7	0,6	0,6	0,5
EV/EBITDA	6,3	9,9	7,5	6,1	5,5	6,3	5,6	5,0	4,5
EV/EBIT (adj.)	10,8	22,7	41,7	25,1	8,5	10,9	9,8	8,0	6,9
Payout ratio (%)	37,1 %	44,3 %	0,0 %	1282,8 %	38,2 %	54,4 %	66,6 %	58,9 %	53,1 %
Dividend yield-%	2,7 %	2,5 %	0,0 %	2,2 %	3,9 %	4,2 %	4,7 %	5,1 %	5,1 %

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	2021e	2022e	2021e	2022e	2021e	2022e	2021e	2022e	2021e	2022e	2021e
Huhtamäki	37,3	4071	5558	17,4	14,8	11,3	9,7	1,5	1,4	18,6	16,3	2,5	2,8	2,9
Duni	123,2	586	726	26,3	12,1	12,3	7,7	1,3	1,0	38,7	16,6	4,0	4,0	2,1
Sealed Air	58,0	7496	10479	13,1	11,7	10,4	9,4	2,1	2,0	16,7	14,4	1,3	1,4	42,3
Riverstone	0,9	816	538	1,4	3,4	1,4	2,9	0,8	1,0	2,8	8,2	14,8	4,5	1,8
Berry	66,7	7757	15419	12,0	11,0	7,6	7,0	1,3	1,2	11,5	10,5			2,9
Suominen (Inderes)	4,7	271	307	10,9	9,8	6,3	5,6	0,7	0,6	14,9	14,3	4,2	4,7	1,7
Average				14,1	10,6	8,6	7,4	1,4	1,3	17,7	13,2	5,7	3,2	10,4
Median				13,1	11,7	10,4	7,7	1,3	1,2	16,7	14,4	3,2	3,4	2,9
Diff-% to median				-17 %	-16 %	-39 %	-27 %	-44 %	-47 %	-10 %	-1 %	30 %	36 %	-41 %

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

Income statement

Income statement	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21	Q3'21	Q4'21e	2021e	2022e	2023e	2024e
Revenue	411	110	122	115	111	459	115	114	98.7	104	432	475	494	504
Nonwovens	411	110	122	115	111	459	115	114	98.7	104	432	475	494	504
EBITDA	33.7	11.3	18.0	18.1	13.5	60.9	18.5	15.3	4.2	10.6	48.6	52.1	55.3	57.5
Depreciation	-25.5	-5.6	-5.6	-5.2	-5.0	-21.4	-4.9	-5.0	-5.1	-5.4	-20.4	-22.0	-20.9	-19.8
EBIT (excl. NRI)	8.1	5.7	12.4	12.9	8.5	39.5	13.6	10.3	-0.8	5.2	28.3	30.0	34.4	37.7
EBIT	8.1	5.7	12.4	12.9	8.5	39.5	13.6	10.3	-0.8	5.2	28.3	30.0	34.4	37.7
Nonwovens	8.1	5.7	12.4	12.9	8.5	39.5	13.6	10.3	-0.8	5.2	28.3	30.0	34.4	37.7
Net financial items	-6.0	-1.9	-1.8	-1.8	-0.1	-5.6	3.3	-1.6	-1.0	-1.3	-0.6	-4.7	-3.1	-3.1
PTP	2.1	3.8	10.5	11.1	8.5	33.9	16.9	8.7	-1.8	3.9	27.6	25.3	31.2	34.6
Taxes	-1.9	-0.2	-2.2	-0.3	-1.2	-3.8	-3.1	-2.6	0.1	-1.0	-6.5	-6.3	-7.8	-8.7
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	0.2	3.6	8.4	10.9	7.3	30.1	13.8	6.1	-1.7	2.9	21.1	19.0	23.4	26.0
EPS (adj.)	0.00	0.06	0.15	0.19	0.13	0.52	0.19	0.11	-0.03	0.05	0.32	0.33	0.41	0.45
EPS (rep.)	0.00	0.06	0.15	0.19	0.13	0.52	0.24	0.11	-0.03	0.05	0.37	0.33	0.41	0.45

Key figures	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21	Q3'21	Q4'21e	2021e	2022e	2023e	2024e
Revenue growth-%	-4.6 %	0.4 %	17.7 %	11.7 %	17.6 %	11.5 %	4.6 %	-6.9 %	-14.5 %	-6.4 %	-5.9 %	10.0 %	4.0 %	2.0 %
Adjusted EBIT growth-%	76.9 %	92.5 %	365.3 %	1064.9 %	507.1 %	385.8 %	138.5 %	-16.5 %	-106.5 %	-39.2 %	-28.4 %	6.3 %	14.5 %	9.6 %
EBITDA-%	8.2 %	10.3 %	14.7 %	15.7 %	12.2 %	13.3 %	16.0 %	13.5 %	4.3 %	10.2 %	11.3 %	11.0 %	11.2 %	11.4 %
Adjusted EBIT-%	2.0 %	5.2 %	10.1 %	11.2 %	7.7 %	8.6 %	11.8 %	9.1 %	-0.9 %	5.0 %	6.5 %	6.3 %	7.0 %	7.5 %
Net earnings-%	0.1 %	3.2 %	6.8 %	9.4 %	6.6 %	6.6 %	11.9 %	5.4 %	-1.7 %	2.8 %	4.9 %	4.0 %	4.7 %	5.2 %

Source: Inderes

Balance sheet

Assets	2019	2020	2021e	2022e	2023e
Non-current assets	178	164	156	150	145
Goodwill	15.5	15.5	15.5	15.5	15.5
Intangible assets	20.0	16.7	16.8	16.9	17.0
Tangible assets	136	122	119	113	107
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.8	0.8	0.8	0.8	0.8
Other non-current assets	3.7	4.0	0.0	0.0	0.0
Deferred tax assets	2.1	4.0	4.0	4.0	4.0
Current assets	132	154	221	162	180
Inventories	39.3	35.4	54.0	57.0	56.8
Other current assets	8.4	9.4	5.9	5.9	5.9
Receivables	46.7	51.1	51.8	56.0	57.3
Cash and equivalents	37.7	57.9	109	42.6	60.5
Balance sheet total	310	317	377	312	325

Source: Inderes

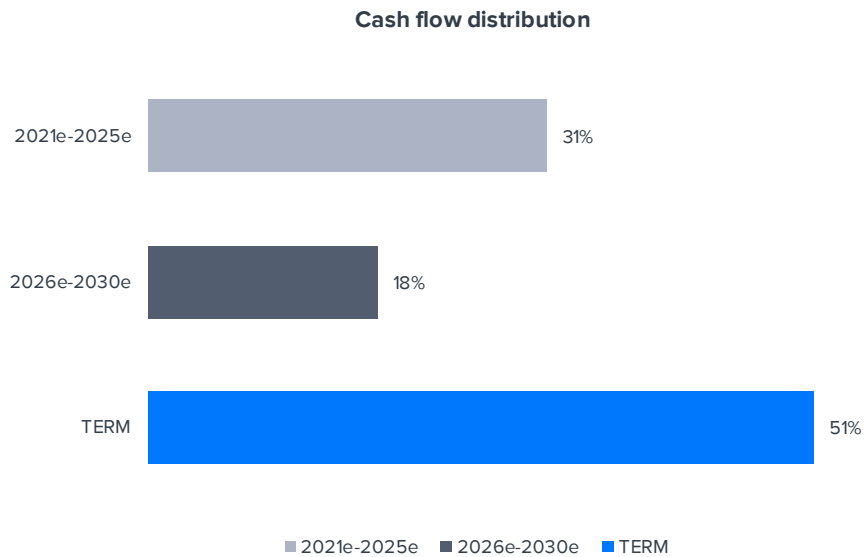
Liabilities & equity	2019	2020	2021e	2022e	2023e
Equity	132	146	160	168	179
Share capital	11.9	11.9	11.9	11.9	11.9
Retained earnings	13.7	42.0	51.6	59.1	69.9
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	107	92.1	97.0	97.0	97.0
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	107	114	148	78.3	78.3
Deferred tax liabilities	12.8	13.3	15.0	15.0	15.0
Provisions	1.6	1.8	2.5	2.5	2.5
Long term debt	92.2	97.8	130	60.0	60.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.8	0.8	0.8	0.8	0.8
Current liabilities	70.4	57.8	68.1	65.6	68.0
Short term debt	17.0	2.5	15.0	5.0	5.0
Payables	53.3	54.6	51.8	59.3	61.7
Other current liabilities	0.1	0.7	1.3	1.3	1.3
Balance sheet total	310	317	377	312	325

DCF calculation

DCF model	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	TERM
EBIT (operating profit)	39.5	28.3	30.0	34.4	37.7	38.9	37.4	35.8	34.0	29.2	29.8	
+ Depreciation	21.4	20.4	22.0	20.9	19.8	19.3	18.7	19.0	19.1	19.3	19.4	
- Paid taxes	-5.2	-4.8	-6.3	-7.8	-8.7	-9.0	-8.6	-8.2	-7.7	-6.5	-6.7	
- Tax, financial expenses	-0.6	-0.2	-1.2	-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	0.3	-17.9	0.3	1.3	2.5	2.1	-1.4	-1.5	-1.5	-1.6	-1.1	
Operating cash flow	55.4	25.7	44.9	48.0	50.6	50.6	45.3	44.3	43.1	39.6	40.7	
+ Change in other long-term liabilities	0.2	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-5.0	-13.1	-16.1	-15.1	-17.1	-19.1	-20.1	-20.1	-20.1	-20.1	-19.9	
Free operating cash flow	50.5	13.3	28.8	32.9	33.5	31.5	25.2	24.2	23.0	19.5	20.8	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	50.5	13.3	28.8	32.9	33.5	31.5	25.2	24.2	23.0	19.5	20.8	384
Discounted FCFF		13.1	26.4	28.1	26.5	23.2	17.3	15.4	13.6	10.8	10.6	196
Sum of FCFF present value		382	369	342	314	287	264	247	232	218	207	196
Enterprise value DCF		382										
- Interesting bearing debt		-100.3										
+ Cash and cash equivalents		57.9										
-Minorities		0.0										
-Dividend/capital return		-11.5										
Equity value DCF		328										
Equity value DCF per share		5.70										

Wacc	
Tax-% (WACC)	25.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.0 %
Equity Beta	1.15
Market risk premium	4.75%
Liquidity premium	1.25%
Risk free interest rate	2.0 %
Cost of equity	8.7 %
Weighted average cost of capital (WACC)	7.6 %

Source: Inderes



Summary

Income statement	2018	2019	2020	2021e	2022e	Per share data	2018	2019	2020	2021e	2022e
Revenue	431.1	411.4	458.9	431.7	474.7	EPS (reported)	-0.03	0.00	0.52	0.37	0.33
EBITDA	25.6	33.7	60.9	48.6	52.1	EPS (adj.)	-0.03	0.00	0.52	0.32	0.33
EBIT	4.6	8.1	39.5	28.3	30.0	OCF / share	0.63	0.58	0.96	0.45	0.78
PTP	-1.0	2.1	33.9	27.6	25.3	FCF / share	0.37	0.37	0.88	0.23	0.50
Net Income	-1.7	0.2	30.1	21.1	19.0	Book value / share	2.27	2.31	2.54	2.79	2.92
Extraordinary items	0.0	0.0	0.0	0.0	0.0	Dividend / share	0.00	0.05	0.20	0.20	0.22
Balance sheet	2018	2019	2020	2021e	2022e	Growth and profitability	2018	2019	2020	2021e	2022e
Balance sheet total	320.7	310.1	317.4	376.8	311.9	Revenue growth-%	1%	-5%	12%	-6%	10%
Equity capital	130.5	132.5	145.9	160.4	167.9	EBITDA growth-%	-25%	31%	81%	-20%	7%
Goodwill	15.5	15.5	15.5	15.5	15.5	EBIT (adj.) growth-%	-69%	77%	386%	-28%	6%
Net debt	73.7	71.4	42.4	36.1	22.4	EPS (adj.) growth-%	-111%	-113%	13345%	-40%	5%
Cash flow	2018	2019	2020	2021e	2022e	EBITDA-%	5.9 %	8.2 %	13.3 %	11.3 %	11.0 %
EBITDA	25.6	33.7	60.9	48.6	52.1	EBIT (adj.)-%	1.1 %	2.0 %	8.6 %	6.5 %	6.3 %
Change in working capital	5.6	2.3	0.3	-17.9	0.3	EBIT-%	1.1 %	2.0 %	8.6 %	6.5 %	6.3 %
Operating cash flow	36.3	33.5	55.4	25.7	44.9	ROE-%	-1.3 %	0.2 %	21.6 %	13.8 %	11.6 %
CAPEX	-15.0	-29.8	-5.0	-13.1	-16.1	ROI-%	1.9 %	3.4 %	16.2 %	10.3 %	11.2 %
Free cash flow	21.5	21.2	50.5	13.3	28.8	Equity ratio	40.7 %	42.7 %	46.0 %	42.6 %	53.8 %
						Gearing	56.5 %	53.9 %	29.1 %	22.5 %	13.3 %

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
24.7.2017	Reduce	4,70 €	4,81 €
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 €



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