

Sitowise

Company report

2/28/2024



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✓ Inderes corporate customer

This report is a summary translation of the report “Marginaalit pysyvät maltillisina” published on 2/28/2024 at 7:00 am EET.

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Margins remain moderate

We reiterate our Accumulate recommendation for Sitowise but lower our target price to EUR 3.00 (was EUR 3.30). Sitowise's Q4 results and 2024 outlook were below our expectations, especially in terms of profit margin, which lowered our forecasts for the coming years. 2024 is expected to remain challenging for the Buildings business, but the overall economic environment is also weakening other businesses. Eventually, however, the market will recover and Sitowise's billing rate will normalize to a higher level, creating the basis for earnings growth. Valuation is not high, especially given the low level of earnings at the moment, but the lack of earnings growth and weak market performance still limit upside.

Q4 was weaker than expected

Sitowise's revenue declined more than expected (-8%) and EBIT also missed our forecasts (adjusted EBITA-%: 4.6% vs. 5.6%) as the challenging housing market and system changes (CRM, ERP) weakened the billing rate. The impact of the system changes on revenue was -2% and on the EBITA margin up to 2.5 percentage points, which was more than we expected. However, the one-off costs as such should improve profitability in the future, although Sweden has yet to be updated. We estimate that Sitowise is currently achieving good profitability in organic growth businesses (Infra, Digital Solutions), but the greater impact of the market weakness in the Buildings business is taking most of the attention.

Outlook was weaker than expected

Sitowise expects a slight decrease in revenue (2023: 211 MEUR) and an adjusted EBITA margin at or above the 2023 level (2023: 8.1%). The margin guidance was disappointing compared to our expectations, as we had expected a significant margin improvement as the impact of non-recurring items (e.g. CRM, ERP) disappears and the market situation improves. However, the market outlook remains weak, especially for the Buildings business, and a slowdown has also been seen in other businesses. Based on the guidance and the outlook, our forecasts are down by around 10-15% for 2024. We now expect 2024 revenue to decline by 4%, reflecting a weaker order book (-10% in Q4) and a sluggish market for Buildings in the early part of the year. We expect adjusted EBITA to reach 17.0 MEUR and the margin to improve to 8.4%. In 2024 and the coming years, our projected improvement in profitability will be driven by a gradually recovering market, better billing rates, efficiency measures and a reduction in internal investments. However, in line with our forecasts, the first half of 2024 is still weak, and the result will not improve significantly until 2025-2026 (25-26e avg. adj. EBITA-%: 10.5%).

Valuation is attractive given the level of earnings

Sitowise's 2024 valuation is attractive (EV/EBITDA: 7x, P/E: 13x), considering the current earnings level that is lower than normal. At our valuation level (EV/EBITDA: 8x, P/E: 14x), the stock would have an upside of 15%. For the next few years, valuations will continue to fall sharply, reflecting the potential when the market finally turns around. However, the dividend yield that had previously underpinned the valuation in expected return has now fallen to zero for 2023. Compared to peers, we think the valuation gap is too high (-20%) and the DCF is also higher than the current share price (EUR 4.3). There is potential, but in our view, the lack of earnings growth and weak market performance now limits further upside.

Recommendation

Accumulate

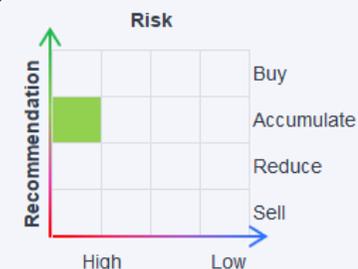
(previous Accumulate)

EUR 3.00

(previous EUR 3.30)

Share price:

2.65



Key figures

	2023	2024e	2025e	2026e
Revenue	210.9	202.9	213.5	228.6
growth-%	3%	-4%	5%	7%
EBITA adj.	17.0	17.0	22.0	24.6
EBITA-% adj.	8.1 %	8.4 %	10.3 %	10.7 %
Net Income	5.6	7.4	13.0	16.0
EPS (adj.)	0.21	0.21	0.36	0.45
P/E (adj.)	15.2	12.8	7.3	5.9
P/B	0.9	0.7	0.7	0.6
Dividend yield-%	0.0 %	2.3 %	4.1 %	6.2 %
EV/EBIT (adj.)	14.5	12.6	7.9	6.3
EV/EBITDA	8.2	7.0	5.2	4.4
EV/S	0.9	0.8	0.7	0.6

Source: Inderes

Guidance

(New guidance)

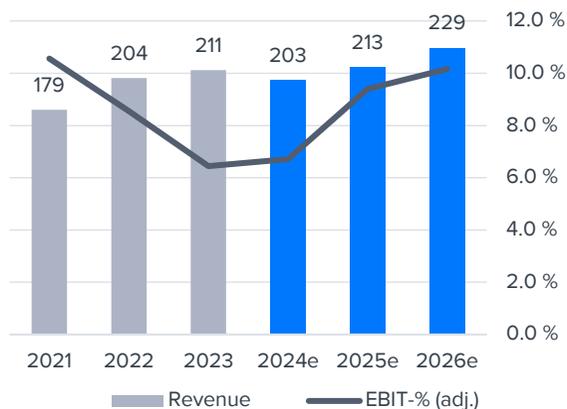
Sitowise Group's revenue is expected to slightly decline in 2024, driven by the Buildings business decline (2023: 211 MEUR). Adjusted EBITA margin (%) is expected to be at the 2023 level or above (2023: 8.1%).

Share price



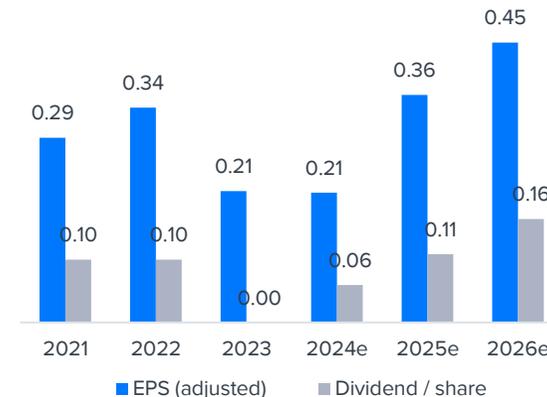
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Stronger organic growth than market growth and acquisitions
- Maintaining best-in-class profitability
- Expansion into Nordic countries
- Extending the offering
- Strong cash flow and low investment need
- Efficient and fragmented business model, as well as digitalization expertise create competitive advantage
- Increasing share of consulting and planning in construction value chain supported by megatrends
- Opportunities created by sustainable development regulation



Risk factors

- Cyclicity of the underlying construction market
- Sustainably maintaining high profitability levels
- A clear and prolonged market downturn after good years
- Challenges created by Nordic expansion and a new market
- Failure in acquisitions
- Dependency on personnel and adequacy of incentives for key personnel

Valuation	2024e	2025e	2026e
Share price	2.65	2.65	2.65
Number of shares, millions	35.8	35.8	35.8
Market cap	95	95	95
EV	172	159	145
P/E (adj.)	12.8	7.3	5.9
P/B	0.7	0.7	0.6
EV/Sales	0.8	0.7	0.6
EV/EBITDA	7.0	5.2	4.4
EV/EBIT (adj.)	12.6	7.9	6.3
Payout ratio (%)	29.0 %	30.0 %	37.0 %
Dividend yield-%	2.3 %	4.1 %	6.2 %

Source: Inderes

Earnings remained weak in Q4

Revenue down in line with our expectations

After strong growth in the first half of the year (H1'23: 12%), Sitowise's revenue in Q4 turned to a more pronounced decline of 8% (Q4'23: 52.8 MEUR) year-on-year. Exchange rates and one less working day in the quarter had a negative impact on revenue, but organic revenue was also down by 6% in the quarter.

Revenue fell by 24% in the Buildings business and by 5% in Sweden, both of which were affected by the weak market. Organically, Sweden was on par with the comparison period and a challenging project that emerged in Q3 was completed during the quarter. Obviously, however, some effects of this will still be visible in Q1 this year.

Further growth was seen in Infra (+4%) and Digital Solutions (+2%). However, growth is already significantly slower than at the beginning of the year. In Infra, the report shows that projects have been slightly delayed and in Digital Solutions, the growth brought by the introduction of the SaaS solution Leafpoint is starting to be seen. In the latter, the

generally challenging economic situation is also weakening private demand.

Sitowise's order book was down 10% year-on-year at around 167 MEUR, reflecting the weaker outlook for the housing market in particular. The order book would need to grow during the year to meet expectations, but we do not see any significant prospects of this happening, at least in the early part of the year.

Poor profitability for a variety of reasons

Adjusted EBITA declined to 2.4 MEUR from the comparison period (Q4'22: 5.3 MEUR) and slightly missed our 3.1 MEUR estimate. The EBITA margin dropped to 4.5% (Q4'22: 9.2%), also below our expectation of 5.6%. It was known that the lower billing rate (73% vs. 76% y/y) due to the weak housing market and system reforms, as well as one less working day in the quarter, would weaken the result, but the impact was larger even than expected. The system changes had an impact of -2% on revenue and up to 2.5 percentage points on the EBITA

margin. However, the one-off costs as such should improve profitability in the future, although Sweden has yet to be updated. We estimate that Sitowise is currently achieving good profitability in organic growth businesses (Infra, Digital Solutions), but the greater impact of the market weakness in the Buildings business is taking most of the attention.

In the reported figures, one-off items related to restructuring clearly burdened EBIT. Higher-than-expected financial expenses ultimately led to a net loss and EPS of EUR -0.02. Operating cash flow decreased to 11 MEUR in Q4 (Q4'22: 13 MEUR) and the dividend proposal remained at zero (forecast: EUR 0.12) to take into account market conditions and potential growth investments. We had overestimated the company's willingness to pay a dividend, and we believe that investing in growth is the right thing to do at this time. Financially, the situation is moderately stable (equity ratio: 43%, gearing 46%) and strong cash flow, cash and cash equivalents remained at a good level of around 16 MEUR.

Estimates MEUR / EUR	Q4'22	Q4'23	Q4'23e	Q4'23e	Consensus		Difference (%)	2023
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Actualized
Revenue	57.6	52.8	55.0	54.9	-	-	-4%	211
EBITA (adj.)	5.3	2.4	4.9	-	-	-	-51%	17.0
EBIT	3.8	0.3	4.0	2.2	-	-	-93%	11.7
PTP	3.0	-1.0	1.0	1.1	-	-	-201%	7.1
EPS (reported)	0.07	-0.02	0.02	0.03	-	-	-200%	0.16
DPS	0.10	0.00	0.12	0.09	-	-	-100%	0.00
Revenue growth-%	14.1 %	-8.3 %	-4.5 %	-4.6 %	-	-	-3.8 pp	3.2 %
EBITA-% (adj.)	9.2 %	4.6 %	8.9 %	-	-	-	-4.4 pp	8.1 %

Source: Inderes & Bloomberg (3 analysts) (consensus)

Profitability trend is worrying

Guidance was cautious

Sitowise expects a slight decrease in revenue (2023: 211 MEUR) and an adjusted EBITA margin at or above the 2023 level (2023: 8.1%). In particular, the margin guidance was disappointing as we had already expected a significant margin improvement as the impact of one-off items (e.g. CRM, ERP) disappeared and the market situation improved. A significant improvement is still possible but will require a faster market recovery than the company expects.

Based on the outlook, a recovery in the Buildings business is not expected until the second half of the year at the earliest. In Sweden there are some weak positive signals, and the situation is better than in Finland. There are growth opportunities in Infra and Digital Solutions and order books are at a good level. In general, however, the weak economic outlook for

Finland and Sweden is now slowing growth for Sitowise across the board.

The weakness of the market has been known, but what is more worrying now is the steady decline in profitability. The company is trying to remedy this situation through cost-cutting measures and by focusing on growing and profitable areas of its business. However, much needs to be done both internally and in terms of market recovery, so that the profitability of the Group as a whole climbs toward targets (at least 12% EBITA-%).

We lowered earnings forecasts, especially for 2024

Based on the guidance and the outlook, our forecasts are down by around 10-15% for 2024. We now expect 2024 revenue to decline by 4%, reflecting a weaker order book (-10% in Q4) and a sluggish market for Buildings in the early part of the

year. We expect adjusted EBITA to reach 17.5 MEUR and the margin to improve to 8.6%.

In 2024 and the coming years, our projected improvement in profitability will be driven by a gradually recovering market, better billing rates, efficiency measures and a reduction in internal investments. However, the first half of 2024 is still weak according to our forecasts, and the full-year result will not improve significantly until 2025-2026 (25-26e avg. adj. EBITA-%: 10.5%).

The main risks to our forecasts relate to Sitowise's profitability potential and the timing of market recovery. Failure in M&A is also a clear risk in a business model that relies heavily on inorganic growth.

Estimate revisions	2023	2023	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Estimate	Actualized	%	Old	New	%	Old	New	%
Revenue	214	211	-1%	206	203	-2%	215	213	-1%
EBITDA	25.2	23.2	-8%	26.5	24.6	-7%	31.9	30.5	-4%
EBITA (adj.)	18.0	17.0	-6%	18.9	17.0	-10%	24.7	24.6	-1%
EBITA	17.1	15.1	-12%	18.9	17.0	-10%	24.7	24.6	-1%
PTP	9.5	7.1	-25%	11.6	9.3	-20%	17.9	16.3	-9%
EPS (excl. NRIs)	0.23	0.21	-9%	0.26	0.21	-21%	0.40	0.36	-8%
DPS	0.12	0.00	-100%	0.14	0.06	-57%	0.00	0.00	

Valuation still attractive

We lower Sitowise's target price EUR 3.00 (was EUR 3.30) due to estimate revisions. The acceptable valuation level that we reflect in Sitowise consists of the company's Nordic peers and their historical valuation. When looking at Sitowise's valuation, the company's strong willingness to grow and better profitability than among peers should be noted.

However, this is not even close to the company's best profitability and the market environment has also become weaker, which has elevated Sitowise's risks. Mirroring this, our acceptable multiple range for Sitowise is P/E 12-16x and EV/EBITDA: 7-9x. We base our valuation on the midpoint of an acceptable range and 2024 earnings. In view of the low result in 2024, we think the multiples could be higher, but for the longer term we would apply the lower end of the range in this situation.

Sitowise's 2024 valuation is attractive (24e avg: EV/EBITDA: 7x, P/E: 13x), also considering the current earnings level that is lower than normal. At our valuation level (EV/EBITDA: 8x, P/E: 14x), the stock would have an upside of 15%. For the next few years, valuations will continue to fall sharply, reflecting the potential when the market finally turns around. However, the dividend yield that had previously underpinned the valuation in expected return has now fallen to zero for 2023.

Peer group valuation

Compared to the peer group, Sitowise is also priced at a discount. We feel the 2024 median valuations of the peers (P/E: 17x, EV/EBITDA: 9x) are already reasonably challenging. Sitowise is currently valued 20% below the peers. We believe it is justified to price Sitowise at least on par with the peer group due to the

combination of historical profitability and future growth potential. However, due to the challenging valuation of the peer group and the uncertainty of peer forecasts, we rely on peers with little weight in our valuation.

DCF valuation

We also use DCF in the valuation. The value indicated by the DCF (EUR 4.3) is higher than the current share price and our target price.

In our model, the company's revenue growth stabilizes at 1% in the terminal period after stronger medium-term growth, and the EBIT margin is 9.0% of revenue. Over the past year, we have reduced long-term profitability to a more moderate level due to profitability challenges. We do not believe that higher levels are impossible, but the current evidence supports a more cautious approach to long-term profitability.

The average cost of capital (WACC) used is 8.4% and the cost of equity is 10.1%. In our opinion, the level of the required return is relatively low, although we have raised it from its lowest levels as interest rate expectations have changed and the company's risk level has increased.

Valuation	2024e	2025e	2026e
Share price	2.65	2.65	2.65
Number of shares, millions	35.8	35.8	35.8
Market cap	95	95	95
EV	172	159	145
P/E (adj.)	12.8	7.3	5.9
P/B	0.7	0.7	0.6
EV/Sales	0.8	0.7	0.6
EV/EBITDA	7.0	5.2	4.4
EV/EBIT (adj.)	12.6	7.9	6.3
Payout ratio (%)	29.0 %	30.0 %	37.0 %
Dividend yield-%	2.3 %	4.1 %	6.2 %

Source: Inderes

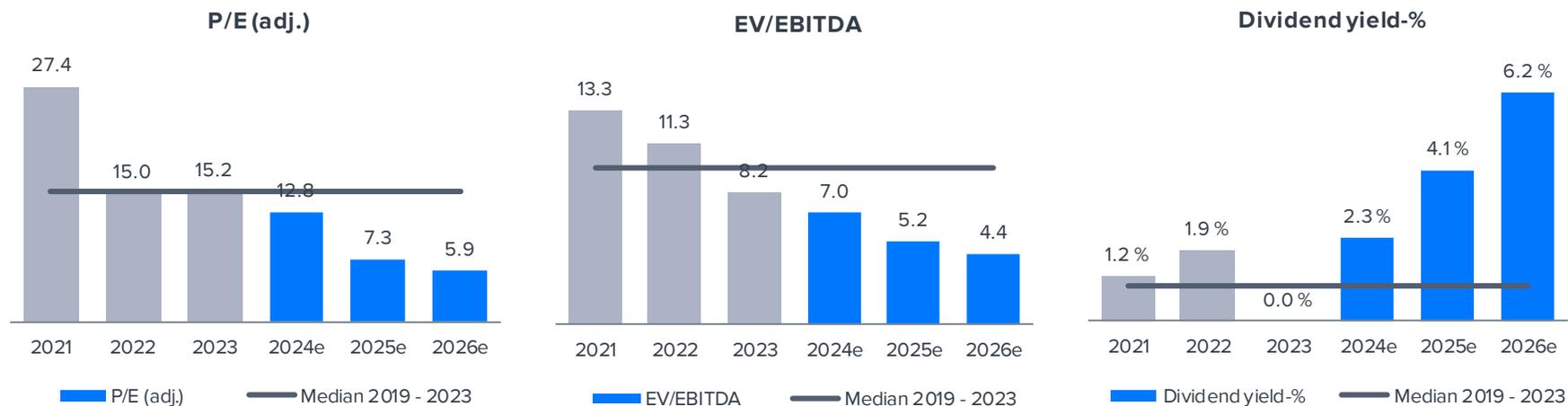
Target price breakdown



Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price			8.05	5.14	3.18	2.65	2.65	2.65	2.65
Number of shares, millions			35.4	35.5	35.5	35.8	35.8	35.8	35.8
Market cap			285	182	113	95	95	95	95
EV			345	268	196	172	159	145	133
P/E (adj.)			27.4	15.0	15.2	12.8	7.3	5.9	5.4
P/B			2.5	1.6	0.9	0.7	0.7	0.6	0.6
EV/Sales			1.9	1.3	0.9	0.8	0.7	0.6	0.6
EV/EBITDA			13.3	11.3	8.2	7.0	5.2	4.4	3.9
EV/EBIT (adj.)			18.2	15.4	14.5	12.6	7.9	6.3	5.4
Payout ratio (%)			45.2 %	45.2 %	0.0 %	29.0 %	30.0 %	37.0 %	40.0 %
Dividend yield-%			1.2 %	1.9 %	0.0 %	2.3 %	4.1 %	6.2 %	7.4 %

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	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Sweco AB	3533	4030	17.6	16.1	12.8	11.6	1.6	1.5	21.1	19.0	2.5	2.8	3.7
Afry AB	1636	2057	13.3	11.4	8.4	7.7	0.9	0.8	15.2	13.1	3.6	3.8	1.4
Rejlers AB	278	334	13.9	11.9	8.4	7.5	0.9	0.9	16.0	13.8	3.0	3.5	1.7
WSP Global Inc	18021	20986	35.4	30.5	16.1	14.6	2.8	2.6	31.0	27.4	0.7	0.7	4.1
Solwers Oyj	41	51	11.6	10.9	6.7	6.2	0.8	0.7	16.8	14.4	2.2	2.4	1.0
Etteplan Oyj	326	389	14.8	12.7	8.6	7.6	1.1	1.0	17.0	13.2	2.6	3.2	2.8
Arcadis NV	4888	5751	17.4	14.4	12.0	10.6	1.5	1.4	21.0	18.0	1.7	1.9	4.1
Norconsult ASA	766	822	12.6	13.0	7.9	7.9	1.1	1.0	14.4	15.0	3.3	4.5	4.4
Sitowise (Inderes)	95	172	12.6	7.9	7.0	5.2	0.8	0.7	12.8	7.3	2.3	4.1	0.7
Average			17.1	15.1	10.1	9.2	1.3	1.2	19.1	16.7	2.5	2.9	2.9
Median			14.3	12.9	8.5	7.8	1.1	1.0	16.9	14.7	2.6	3.0	3.3
Diff-% to median			-12%	-38%	-18%	-33%	-21%	-27%	-24%	-50%	-12%	38%	-77%

Source: Refinitiv / Inderes

Income statement

Income statement	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	179.3	204.4	56.1	56.5	45.6	52.8	210.9	50.3	52.7	44.9	55.0	202.9	213.5	228.6	235.5
EBITDA	25.8	23.8	8.5	6.4	5.2	3.2	23.2	5.6	6.2	6.1	6.7	24.6	30.5	32.9	33.9
Depreciation	-9.4	-10.6	-3.0	-2.8	-2.9	-2.8	-11.5	-2.9	-2.7	-2.7	-2.7	-11.0	-10.4	-9.7	-9.2
EBITA (adj.)	21.1	20.4	6.6	4.5	3.5	2.4	17.0	3.5	4.3	4.2	4.9	17.0	22.0	24.6	26.0
EBITA	18.6	16.1	6.2	4.4	3.3	1.3	15.1	3.5	4.3	4.2	4.9	17.0	22.0	24.6	26.0
EBIT	16.4	13.2	5.5	3.6	2.3	0.3	11.7	2.8	3.5	3.4	4.0	13.6	20.1	23.2	24.7
Net financial items	-6.1	-2.9	-1.1	-0.9	-1.2	-1.3	-4.6	-1.2	-1.0	-1.1	-1.0	-4.3	-3.8	-3.2	-2.6
PTP	10.3	10.3	4.4	2.7	1.0	-1.0	7.1	1.6	2.5	2.3	3.0	9.3	16.3	20.1	22.1
Taxes	-2.4	-2.4	-0.9	-0.6	-0.3	0.1	-1.6	-0.3	-0.5	-0.5	-0.6	-1.9	-3.3	-4.0	-4.4
Minority interest	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1
Net earnings	7.8	7.8	3.5	2.2	0.8	-0.9	5.6	1.3	2.0	1.8	2.4	7.4	13.0	16.0	17.6
EPS (adj.)	0.29	0.34	0.11	0.06	0.03	0.01	0.21	0.04	0.05	0.05	0.07	0.21	0.36	0.45	0.49
EPS (rep.)	0.22	0.22	0.10	0.06	0.02	-0.02	0.16	0.04	0.05	0.05	0.07	0.21	0.36	0.45	0.49
Key figures	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	12.0 %	14.0 %	13.9 %	9.2 %	-0.7 %	-8.3 %	3.2 %	-10.3 %	-6.7 %	-1.6 %	4.2 %	-3.8 %	5.2 %	7.1 %	3.0 %
Adjusted EBITA growth-%		-3.6 %	40.7 %	-24.0 %	-29.6 %	-57.0 %	-16.6 %	-46.7 %	-4.3 %	22.2 %	103.4 %	-0.2 %	29.5 %	11.8 %	6.0 %
Adjusted EBITA-%	11.8 %	10.0 %	11.8 %	8.0 %	7.6 %	4.6 %	8.1 %	7.0 %	8.2 %	9.4 %	8.9 %	8.4 %	10.3 %	10.7 %	11.1 %
Net earnings-%	4.4 %	3.8 %	6.2 %	3.8 %	1.7 %	-1.6 %	2.6 %	2.5 %	3.7 %	4.0 %	4.3 %	3.7 %	6.1 %	7.0 %	7.5 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	202	202	200	197	196
Goodwill	158	158	159	159	159
Intangible assets	10.2	11.9	9.1	6.3	4.4
Tangible assets	31.8	29.3	29.7	29.9	30.2
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	1.9	1.9	1.9	1.9	1.9
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.9	0.7	0.7	0.7	0.7
Current assets	78.3	76.6	72.3	83.3	101
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	1.3	1.8	1.8	1.8	1.8
Receivables	61.6	59.2	56.9	59.9	64.1
Cash and equivalents	15.4	15.6	13.6	21.6	34.7
Balance sheet total	281	278	272	281	296

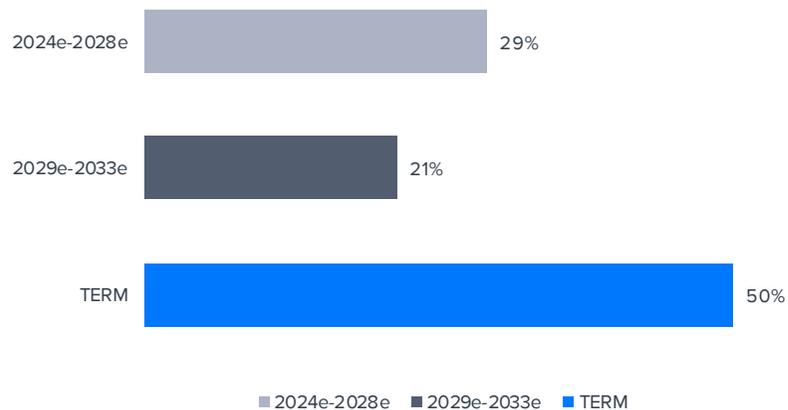
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	117	120	127	138	150
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	23.4	25.8	33.2	44.0	55.7
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.3	0.3	0.3	0.3	0.3
Other equity	92.8	93.2	93.2	93.2	93.2
Minorities	0.3	0.3	0.8	0.8	0.8
Non-current liabilities	94.6	92.0	86.5	81.5	81.5
Deferred tax liabilities	1.6	1.5	1.5	1.5	1.5
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	93.0	90.5	85.0	80.0	80.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	69.2	66.9	58.1	60.9	64.8
Interest bearing debt	7.9	8.2	5.0	5.0	5.0
Payables	59.6	58.3	52.8	55.5	59.4
Other current liabilities	1.6	0.4	0.4	0.4	0.4
Balance sheet total	281	278	272	281	296

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	3.2 %	-3.8 %	5.2 %	7.1 %	3.0 %	4.0 %	2.5 %	2.0 %	1.0 %	1.0 %	1.0 %	1.0 %
EBIT-%	5.5 %	6.7 %	9.4 %	10.2 %	10.5 %	10.0 %	9.5 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %
EBIT (operating profit)	11.7	13.6	20.1	23.2	24.7	24.5	23.8	23.0	23.4	23.6	23.9	
+ Depreciation	11.5	11.0	10.4	9.7	9.2	8.8	8.6	8.4	8.3	8.2	8.1	
- Paid taxes	-1.5	-1.9	-3.3	-4.0	-4.4	-4.5	-4.5	-4.4	-4.5	-4.6	-4.7	
- Tax, financial expenses	-1.0	-0.9	-0.8	-0.6	-0.5	-0.4	-0.3	-0.2	-0.1	-0.1	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-0.7	-3.3	-0.2	-0.3	-0.1	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	
Operating cash flow	20.1	18.5	26.3	28.0	28.8	28.2	27.5	26.7	26.9	27.0	27.2	
+ Change in other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-11.1	-9.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.1	
Free operating cash flow	9.0	9.5	18.3	20.0	20.8	20.2	19.5	18.7	18.9	19.0	19.0	
+/- Other	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	9.0	9.0	18.3	20.0	20.8	20.2	19.5	18.7	18.9	19.0	19.0	262
Discounted FCFF		8.4	15.7	15.9	15.3	13.7	12.2	10.8	10.1	9.3	8.6	119
Sum of FCFF present value		239	230	214	199	183	170	157	147	137	127	119
Enterprise value DCF		239										
- Interest bearing debt		-98.7										
+ Cash and cash equivalents		15.6										
-Minorities		-0.6										
-Dividend/capital return		0.0										
Equity value DCF		155										
Equity value DCF per share		4.3										

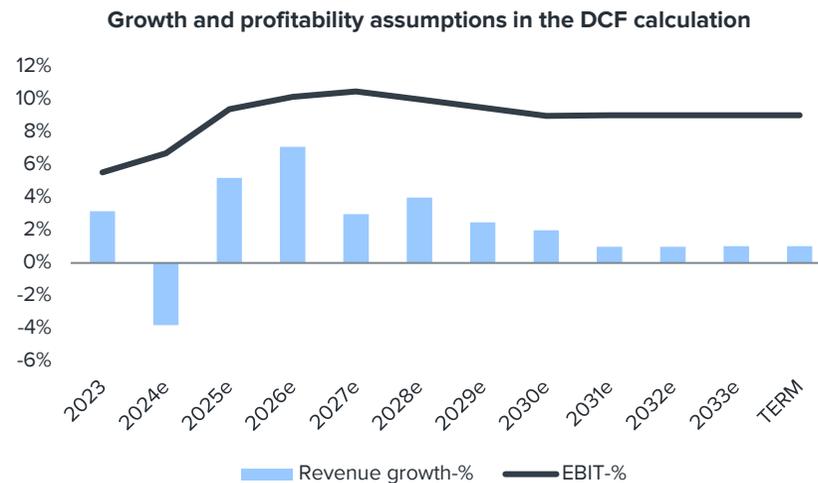
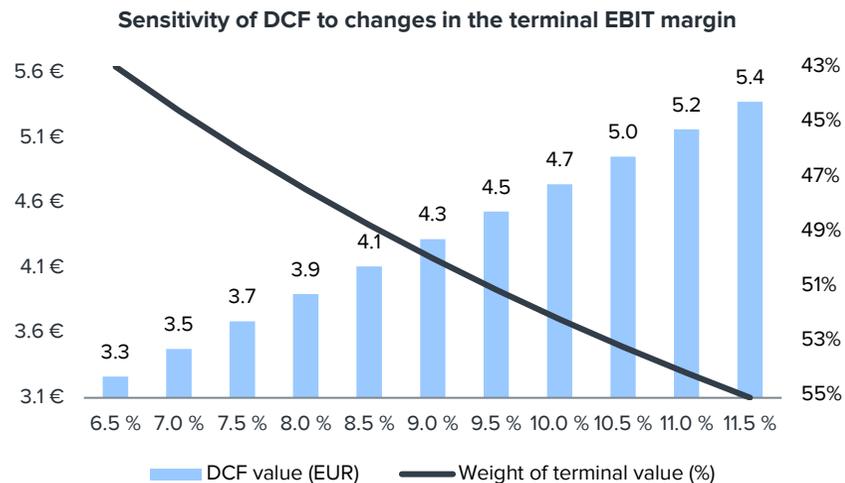
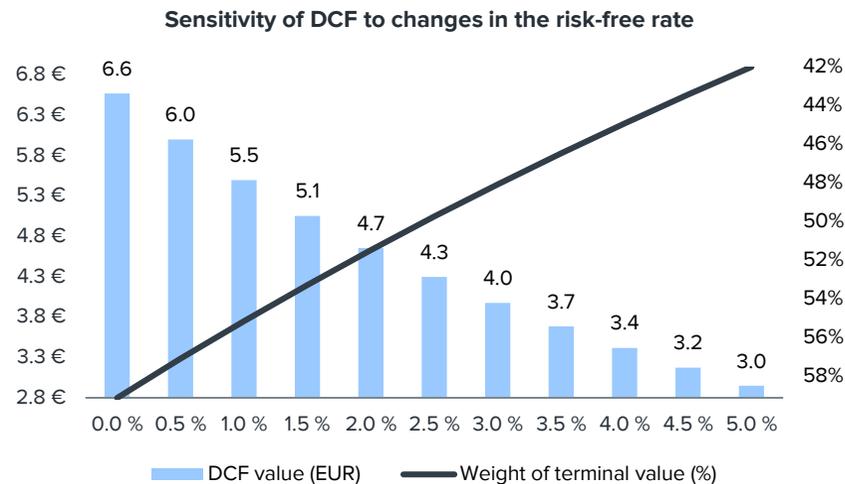
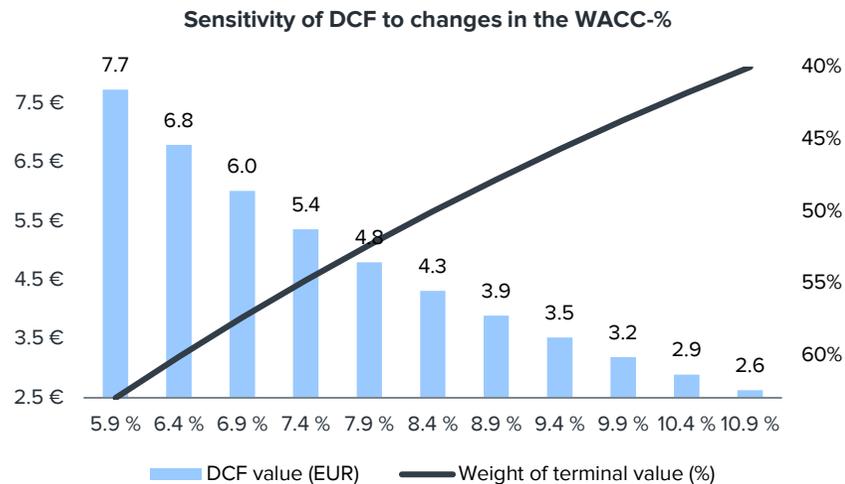
Cash flow distribution



WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	25.0 %
Cost of debt	4.0 %
Equity Beta	1.35
Market risk premium	4.75%
Liquidity premium	1.20%
Risk free interest rate	2.5 %
Cost of equity	10.1 %
Weighted average cost of capital (WACC)	8.4 %

Source: Inderes

DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	179.3	204.4	210.9	202.9	213.5	EPS (reported)	0.22	0.22	0.16	0.21	0.36
EBITDA	25.8	23.8	23.2	24.6	30.5	EPS (adj.)	0.29	0.34	0.21	0.21	0.36
EBIT	16.4	13.2	11.7	13.6	20.1	OCF / share	0.50	0.50	0.56	0.52	0.73
PTP	10.3	10.3	7.1	9.3	16.3	FCF / share	-0.23	-0.51	0.25	0.25	0.51
Net Income	7.8	7.8	5.6	7.4	13.0	Book value / share	3.24	3.29	3.36	3.53	3.84
Extraordinary items	-2.6	-4.3	-1.9	0.0	0.0	Dividend / share	0.10	0.10	0.00	0.06	0.00
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	249.8	280.7	278.4	269.7	270.9	Revenue growth-%	12%	14%	3%	-4%	5%
Equity capital	114.9	116.9	119.6	127.5	138.3	EBITDA growth-%	-2%	-8%	-2%	6%	24%
Goodwill	135.2	157.6	158.0	158.5	158.5	EBIT (adj.) growth-%	10%	-8%	-22%	0%	47%
Net debt	59.3	85.6	83.1	76.4	63.4	EPS (adj.) growth-%	-10%	16%	-39%	-1%	75%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	14.4 %	11.6 %	11.0 %	12.1 %	14.3 %
EBITDA	25.8	23.8	23.2	24.6	30.5	EBIT (adj.)-%	10.6 %	8.5 %	6.4 %	6.7 %	9.4 %
Change in working capital	-3.2	-3.0	-0.7	-3.3	-0.2	EBIT-%	9.1 %	6.4 %	5.5 %	6.7 %	9.4 %
Operating cash flow	17.7	17.9	20.1	18.5	26.3	ROE-%	8.6 %	6.8 %	4.7 %	6.0 %	9.8 %
CAPEX	-25.8	-36.1	-11.1	-9.0	-8.0	ROI-%	9.0 %	6.4 %	5.4 %	6.3 %	9.4 %
Free cash flow	-8.2	-18.2	9.0	9.0	18.3	Equity ratio	46.0 %	41.6 %	42.9 %	47.3 %	51.1 %
						Gearing	51.6 %	73.2 %	69.5 %	60.0 %	45.8 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	1.9	1.3	0.9	0.8	0.7						
EV/EBITDA (adj.)	13.3	11.3	8.2	7.0	5.2						
EV/EBIT (adj.)	18.2	15.4	14.5	12.6	7.9						
P/E (adj.)	27.4	15.0	15.2	12.8	7.3						
P/B	2.5	1.6	0.9	0.7	0.7						
Dividend-%	1.2 %	1.9 %	0.0 %	2.3 %	4.1 %						

Source: Inderes

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Date	Recommendation	Target	Share price
3/29/2021	Reduce	8.60 €	8.50 €
5/20/2021	Accumulate	9.30 €	8.78 €
8/26/2021	Accumulate	9.30 €	8.27 €
11/11/2021	Accumulate	9.30 €	8.33 €
3/3/2022	Accumulate	7.60 €	6.50 €
5/4/2022	Accumulate	7.20 €	6.05 €
5/19/2022	Buy	7.20 €	5.74 €
8/18/2022	Accumulate	6.50 €	5.50 €
10/27/2022	Buy	5.50 €	3.90 €
11/2/2022	Buy	5.50 €	4.15 €
11/29/2022	Accumulate	5.50 €	4.75 €
3/1/2023	Accumulate	5.40 €	4.89 €
5/10/2023	Accumulate	5.10 €	4.40 €
8/17/2023	Buy	5.00 €	4.00 €
9/5/2023	Buy	5.00 €	3.99 €
10/20/2023	Accumulate	4.00 €	3.38 €
11/3/2023	Accumulate	3.30 €	2.88 €
2/28/2024	Accumulate	3.00 €	2.65 €



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