

Kempower

Company report

02/15/2023 19:00



Pauli Lohi
+35845 134 7790
pauli.lohi@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report "Lataustauko paikallaan vauhdin keskellä" published on 02/15/2023 at 7:02 pm

inde
res.

Time for a charging break in midst of all the action

2022 ended strongly in terms of new orders, production volumes and profitability. Guidance for 2023 seems slightly cautious and leaves room for even a slower start of sales in the US. We raised our earnings estimates for the next few years, but valuation has still risen to a level where the risk/return ratio no longer appears attractive. We lower our recommendation to Reduce (previous Accumulate), but raise our target price to EUR 27 (previous 22).

Strong development continued in late 2022

Kempower received new orders worth EUR 61.7 million during Q4, which was over five times the volume in the comparison period (Q4'21: 11.5) and slightly below the previous quarter (Q3'22: 65.4). Orders exceeded our estimate by 19%. Most of the growth is currently generated in Europe outside the Nordic countries, because Kempower already has a strong market share in the Nordic countries and in North America the business is still in its infancy. Revenue was EUR 37.8 million (+352% y-o-y) and exceeded expectations and the Q3 level, which indicates that the company has been successful in component procurement despite Q3 warnings. According to the company, the market in Europe grew by 56% in 2022, so Kempower was clearly able to win market shares from competitors.

2023 guidance seems cautious

Kempower's guidance for 2023 revenue is EUR 180-210 million assuming no major impact of currency exchange rates. The operative EBIT margin is expected to be a positive single digit figure. We raised our revenue estimates by 11% and 8% for 2023 and 2024, supported by the strong Q4 order book. Our EBIT estimates for the next few years also increased by 16-19%, as in addition to higher-than-expected growth, the profitability based on Q4 seems to be scaling faster than we previously expected. We estimate that 2023 revenue will be at EUR 209 million and the EBIT margin at 7.9%, i.e. both figures are at the top of the guidance range. We find it possible that the guidance caution is linked to the uncertainties associated with the US expansion project, which means a quick ramp-up of the US plant could act as a driver for exceeding the revenue guidance.

We find the valuation neutral – upside requires stronger growth assumptions

Kempower's share price has increased considerably during the winter and despite estimate hikes the valuation has tightened further, which depresses the risk/return ratio. Winning market shares and strong margins relative to the young industry indicate exceptional competitiveness of the company's products, and sufficiently strong peers are currently not found for Kempower. Q4 gave a positive signal of business profitability scaling with revenue growth so in addition to raising our estimates we lowered the average cost of capital to 8.2% (previous 8.5%) in our DCF model (DCF: EUR 27.7). If good market demand continues and without major changes in the competitive environment, the valuation would fall to neutral by 2026 (2026e EV/EBIT: 15x) but this does not in our opinion leave considerable upside without clearly higher earnings growth estimates.

Recommendation

Reduce

(previous Accumulate)

EUR 27.00

(previous EUR 22.00)

Share price:

27.56



Key figures

	2022	2023e	2024e	2025e
Revenue	103.6	209.3	305.5	412.5
growth-%	278%	102%	46%	35%
EBIT adj.	6.7	16.5	38.5	62.9
EBIT-% adj.	6.5 %	7.9 %	12.6 %	15.2 %
Net Income	3.4	12.4	29.2	48.3
EPS (adj.)	0.07	0.22	0.53	0.87
P/E (adj.)	>100	>100	52.4	31.7
P/B	10.8	13.5	10.8	8.0
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	>100	90.0	38.4	22.9
EV/EBITDA	>100	67.7	31.0	19.6
EV/S	10.0	7.1	4.8	3.5

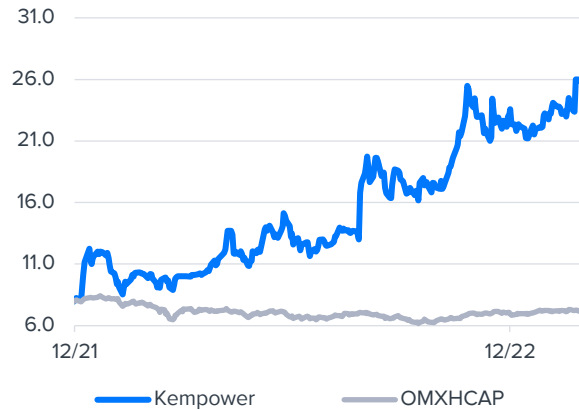
Source: Inderes

Guidance

(New guidance)

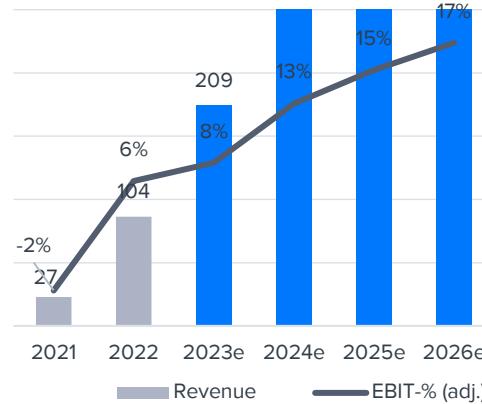
2023 revenue; EUR 180–210 million, assuming no major impact of foreign currency exchange rates. 2023 operative EBIT; a positive single digit operative EBIT margin, %.

Share price



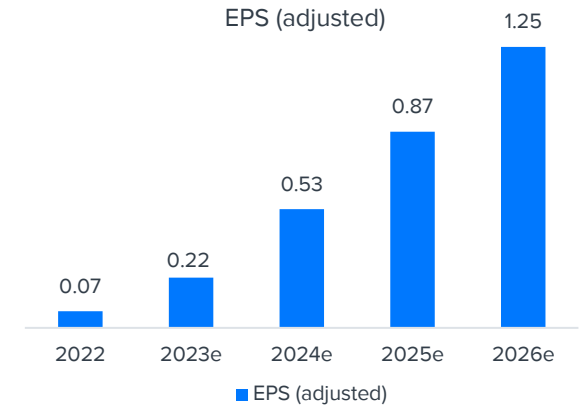
Source: Millistream Market Data AB

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Electrification of transport creates a huge need for efficient and versatile charging capacity
- Products are highly competitive and competitors can take a long time to develop similar features
- Growing the distribution channel allows the company to become one of the big global manufacturers
- Higher gross margins than for competitors



Risk factors

- Rapidly growing the organization burdens profitability in the short term
- Uncertainty about long-term profitability levels in the industry
- Changes in technological competitiveness could threaten growth and pricing
- Slowdown in demand growth and narrowing technological gaps are likely trends in the long term
- A high valuation based on long-term earnings growth carries significant risk

Valuation	2023e	2024e	2025e
Share price	27.6	27.6	27.6
Number of shares, millions	55.5	55.5	55.5
Market cap	1531	1531	1531
EV	1486	1476	1440
P/E (adj.)	>100	52.4	31.7
P/E	>100	52.4	31.7
P/FCF	neg.	>100	42.5
P/B	13.5	10.8	8.0
P/S	7.3	5.0	3.7
EV/Sales	7.1	4.8	3.5
EV/EBITDA	67.7	31.0	19.6
EV/EBIT (adj.)	90.0	38.4	22.9
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Key Q4 figures exceeded our expectations

Growth outlook continued to strengthen

Kempower received new orders worth EUR 61.7 million during Q4, which was over five times the volume in the comparison period (Q4'21: 11.5) and slightly below the previous quarter (Q3'22: 65.4). Orders exceeded our estimate by 19%. Most of the growth is currently generated in Europe outside the Nordic countries, because Kempower already has a strong market share in the Nordic countries and in North America the business is still in its infancy.

Production and revenue increased from Q3

In Q4, revenue was EUR 37.8 million (+352% y-o-y). Revenue exceeded our estimate (34.2), consensus (35.4) and the Q3 level (32.7). In its Q3 report, the company warned that component availability and the ability to scale subcontracting chains could limit Q4

production, but based on realized revenue, the company was able to increase production further from the previous quarter. Of Q4 revenue, 48% was generated in the Nordic countries, 43% in the rest of Europe and 9% in the rest of the world.

Margins remained good and EBIT exceeded expectations

Kempower's gross margin was 46.8% in Q4, i.e. slightly better than our estimate (46.2%) and the comparison period (Q4'21: 46.4%). The margin level remained good despite the inflationary environment. Fixed costs increased less than we expected, which together with higher revenue meant better EBIT than estimated. Reported EBIT was EUR 2.9 million (our estimate -0.6, consensus estimate 1.2). Operative EBIT was EUR 3.5 million. The company recorded

EUR 0.6 million in cost items affecting comparability related to starting operations in the US. In Q4, EPS was EUR 0.05. As we expected, the Board proposes that no dividend be distributed for the 2022 financial period.

Estimates	Q4'21	Q4'22	Q4'22e	Q4'22e	Consensus		Difference (%)	2022
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Actualized
Revenue	8.4	37.8	34.2	35.4	32.0	40.0	10%	104
Order intake	11.5	61.7	51.8				19%	209
Sales margin-%	46.4 %	46.8 %	46.8 %	46.0 %	46%	46%	0%	46.5 %
EBIT (adj.)	-1.3	3.5	-0.6					6.7
EBIT	-2.7	2.9	-0.6	1.2	-0.6	3.0		6.1
EPS (reported)	-0.02	0.05	-0.01	0.02	-0.01	0.04		0.06
DPS	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Revenue growth-%	328.0 %	350.0 %	307.3 %	321.4 %	281.0 %	376.2 %	42.7 pp	278.1 %
EBIT-% (adj.)	-15.5 %	7.7 %	-1.7 %	3.4 %	-1.9 %	7.5 %	9.4 pp	6.5 %

Source: Inderes & Bloomberg (consensus)

Watch our interview with CEO Tomi Ristimäki using the link below (English audio)



Earnings growth outlook strengthened

Growth and profitability outlook have improved

- We raised Kempower's revenue estimates by 11% for 2023 and 8% for 2024, driven by the higher-than-expected order intake.
- We raised EBIT estimates 16% for 2023 and 19% for 2024, as in addition to strengthening growth prospects, profitability scaling was better than we expected in Q4.
- Expansion into the US increases uncertainty concerning the profitability trend in 2023, as the expansion is likely to increase fixed costs relative to revenue growth on a front-loaded basis.
- Expansion into the US is progressing and the company sees limited competition in the market so far, which can support pricing relative to Kempower's current main market Europe.
- The company does not expect cost pressure from component shortage in 2023. However, developing and scaling the subcontracting chain remains a challenge for the company, and it must work on it.

New guidance seems cautious, long-term targets will be announced in the CMD in April

- Kempower's guidance for 2023 revenue is EUR 180-210 million assuming no major impact of currency exchange rates. We expect that revenue will settle at EUR 209 million at the upper end of the guidance range. The fast-moving ramp-up of the US assembly plant could be a driver that would even drive the company to raise its guidance during 2023.
- The company's guidance is that the operative EBIT margin is a positive single digit figure. Our estimate of 7.9 % is at the upper end of the range.
- Kempower did not provide any new long-term financial targets in connection with the financial statement. New targets will be presented in the company's CMD on April 20, 2023. The company has no current financial targets.

Estimate revisions	2022	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	100	104	4%	189	209	11%	284	306	8%
EBITDA	6.1	9.5	56%	19.5	22.0	13%	40.3	47.6	18%
EBIT (exc. NRIs)	2.6	6.7	158%	14.2	16.5	16%	32.3	38.5	19%
EBIT	2.6	6.1	135%	14.2	16.5	16%	32.3	38.5	19%
PTP	0.6	4.8	699%	13.2	15.5	17%	31.3	37.5	20%
EPS (excl. NRIs)	0.01	0.07	766%	0.20	0.22	13%	0.44	0.53	20%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Finding upside has become more challenging

Earnings-based valuation multiples will turn neutral by 2026

Looking at earnings-based valuation multiples, Kempower's valuation cannot be justified with 2023-24 figures so sights must be set further. With our raised 2025-26 estimates EV/EBIT will fall to 23x and 15x. Visibility of earnings for these years is still limited, but has improved with Kempower's repeated strong performance and, on the one hand, the progress of the US expansion plan. If good market demand continues and without major changes in the technology environment, Kempower's valuation would fall to neutral by 2026. We consider this a reasonable valuation profile for an industry whose growth is expected to continue as strong for a long time even in the 2030s.

Kempower is clearly more expensive than its peers - rightly so

Of Kempower's peers that manufacture DC fast charging equipment, Tritium and Tesla are listed on the stock exchange. The valuation multiples of the peers have fallen since August 2022 when we started monitoring Kempower. Tritium's valuation has collapsed as its 2023e EV/S ratio has fallen to 1.4x. We believe the collapse in Tritium's valuation is especially caused by the company's low profitability since the company's gross margin has still been negative in 2022, despite relatively high revenue. While Kempower's products are flying off the shelf with good 46-47% gross margins, Tritium has had to sell its products below production costs. The valuation of the other listed peer Tesla has also fallen from August 2022. The EV/S ratio for 2023 is only 6.3x, which is below Kempower's ratio (7.2x). On earnings-basis

Kempower is more expensive than Tesla for 2024 (EV/EBIT 38x vs 29x), but Kempower is still in early stages when it comes to scaling operations and its earnings-based multiples fall rapidly in the coming years. Kempower's relative growth rate is faster than Tesla's, but the size of its end market is smaller. In our opinion, peer valuation cannot be used to determine whether Kempower is over or undervalued, but we note that in a growing end market, high valuation multiples will be paid for a company that is capable of high value generation. We believe Kempower has the highest margins among the companies in the DC charging equipment market and, thanks to its technological advantage, it wins market shares from other industry players, which justifies a higher valuation while making peer-based valuation difficult.

DCF offers no upside with current estimates

A DCF analysis indicates a share value of EUR 27.7 per share. We have used an 8.8% cost of equity (CoE) and an 8.2% weighted average cost of capital (WACC). We have lowered the cost of capital, as we believe Kempower's risk level per share has fallen thanks to the strengthened growth and profitability outlook. We also raised the long-term EBIT margin assumption to 18% (previous 17%). We consider the risk level of Kempower's operations to be relatively moderate for a company with strong growth. The DCF valuation is highly sensitive to changes in the CoE and WACC and long-term EBIT margin changes.

Valuation	2023e	2024e	2025e
Share price	27.6	27.6	27.6
Number of shares, millions	55.5	55.5	55.5
Market cap	1531	1531	1531
EV	1486	1476	1440
P/E (adj.)	>100	52.4	31.7
P/E	>100	52.4	31.7
P/FCF	neg.	>100	42.5
P/B	13.5	10.8	8.0
P/S	7.3	5.0	3.7
EV/Sales	7.1	4.8	3.5
EV/EBITDA	67.7	31.0	19.6
EV/EBIT (adj.)	90.0	38.4	22.9
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Factors supporting Kempower's valuation:

- Strong competitiveness thanks to advanced technology
- Strong market growth supported by megatrends
- Progress of expansion plans

Factors negatively affecting Kempower's valuation:

- The pursuit of strong growth limits profitability in the short term
- Equipment sales is not continuous by nature (even if dispersed and often repetitive)
- Possible increases in interest rate levels

Detailed estimates

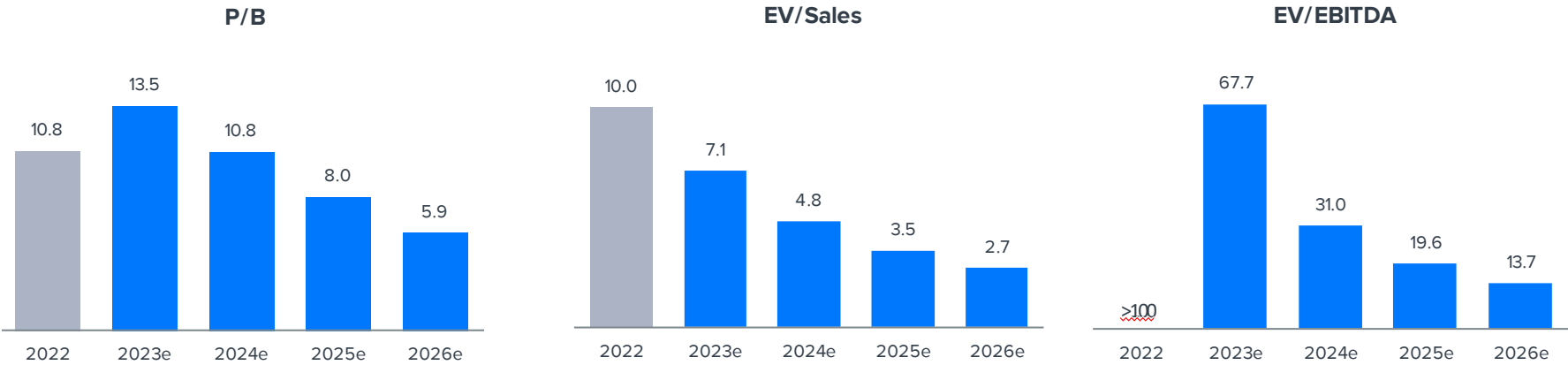
MEUR	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	Terminal period
Order intake			7	37	209	303								
- growth %				427%	459%	45%								
Order book			4	14	119	213								
				261%	768%	79%								
Revenue	0	0	3	27	104	209	306	412	516	567	624	686	755	
- growth %		68%	909%	730%	278%	102%	46%	35%	25%	10%	10%	10%	10%	3%
Revenue by geography														
Nordic countries	0	0	2	23	58	76	95	111	129	147				
- growth %					150%	32%	24%	18%	16%	14%				
Rest of Europe	0	0	1	4	41	103	144	186	217	233				
- growth %					893%	152%	40%	29%	17%	7%				
Rest of the world	0	0	0	0	5	30	67	115	170	187				
- growth %						495%	122%	72%	47%	10%				
Material and service costs	0.0	-0.1	-1.5	-13.6	-52.4	-106.3	-155.5	-211.2	-266.1	-294.4	-325.7	-360.3		
Personnel costs	-0.3	-1.1	-2.2	-7.5	-21.9	-48.1	-59.6	-76.3	-91.3	-96.4	-103.6	-111.2		
Other expenses	-0.4	-1.3	-1.8	-5.9	-19.9	-32.9	-42.8	-51.6	-56.7	-59.6	-63.0	-66.6		
EBITDA	-0.6	-2.2	-2.1	0.5	9.5	22.0	47.6	73.4	101.5	116.8	131.6	148.2	166.8	
- % of revenue				1.8%	9.2%	10.5%	15.6%	17.8%	19.7%	20.6%	21.1%	21.6%	22.1%	
Depreciation	0.0	0.0	-0.1	-1.1	-3.4	-5.4	-9.2	-10.5	-11.3	-11.3	-11.9	-12.4	-13.6	
EBIT	-0.6	-2.2	-2.2	-0.7	6.1	16.5	38.5	62.9	90.2	105.4	119.7	135.8	153.2	
- % of revenue				-2.6%	5.9%	7.9%	12.6%	15.2%	17.5%	18.6%	19.2%	19.8%	20.3%	18.0%
Financial expenses				-0.2	-1.3	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	
Taxes				1.1	-1.2	-3.1	-6.9	-12.3	-18.0	-20.9	-23.7	-27.0	-24.4	
- Tax rate %				122%	25%	20%	22%	22%	22%	22%	22%	22%	22%	22%
Net profit				0.3	3.6	12.4	30.6	49.6	71.2	83.6	95.0	107.9	127.8	
EPS (EUR)				0.01	0.07	0.22	0.53	0.87	1.25	1.47	1.67	1.89	2.14	
Investments			0.5	1.6	6.2	14.5	16.0	11.7	12.4	12.6	12.9	13.2	13.5	
Net working capital			2.9	3.6	20.8	38.2	50.3	62.1	74.0	78.6	83.3	88.2	89.5	
Net cash assets			0.5	89.3	58.3	44.8	55.1	90.0	102.2	101.1	98.7	94.8	89.2	
Number of employees (at the end)	5	17	38	136	375									

Source: Inderes

Valuation table

Valuation	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e
Share price	19.6	27.6	27.6	27.6	27.6	27.6	27.6	27.6	27.6
Number of shares, millions	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5
Market cap	1091	1531	1531	1531	1531	1531	1531	1531	1531
EV	1033	1486	1476	1440	1384	1327	1251	1163	1063
P/E (adj.)	>100	>100	52.4	31.7	22.1	18.8	16.5	14.6	12.9
P/E	>100	>100	52.4	31.7	22.1	18.8	16.5	14.6	12.9
P/FCF	neg.	neg.	>100	42.5	26.9	20.0	17.5	15.3	12.9
P/B	10.8	13.5	10.8	8.0	5.9	4.5	3.5	2.8	2.3
P/S	10.5	7.3	5.0	3.7	3.0	2.7	2.5	2.2	2.0
EV/Sales	10.0	7.1	4.8	3.5	2.7	2.3	2.0	1.7	1.4
EV/EBITDA	>100	67.7	31.0	19.6	13.7	11.4	9.5	7.9	6.4
EV/EBIT (adj.)	>100	90.0	38.4	22.9	15.4	12.6	10.4	8.6	6.9
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %					
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %					

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
Tritium	218	234					1.4	0.7					
Tesla	617732	600769	43.3	29.1	31.9	22.7	6.3	4.8	52.6	37.9			11.4
Wallbox	998	975				74.4	3.0	1.7					27.7
CTEK Group	149	210	18.5	12.4	12.1	9.0	2.2	1.8	16.9	11.2	1.3	2.2	2.2
Zaptec	190	174	12.3	8.2	10.6	7.4	1.6	1.2	17.4	11.6			3.9
Alfen	1856	1840	20.9	15.5	17.9	13.3	3.3	2.5	28.4	21.6			8.3
Kempower (Inderes)	1531	1486	90.0	38.4	67.7	31.0	7.1	4.8	123.3	52.4	0.0	0.0	13.5
Average			23.8	16.3	18.1	25.4	2.9	2.1	28.8	20.6	1.3	2.2	10.7
Median			19.7	14.0	15.0	13.3	2.6	1.7	22.9	16.6	1.3	2.2	8.3
Diff-% to median			357%	175%	351%	132%	178%	178%	438%	215%	-100%	-100%	63%

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

Income statement

Income statement	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23e	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	3.3	27.4	11.5	21.6	32.7	37.8	104	43.7	49.2	54.9	61.4	209	306	412	516
EBITDA	-2.1	0.5	-0.2	2.7	3.2	3.9	9.5	5.1	5.8	5.6	5.4	22.0	47.6	73.4	101
Depreciation	-0.1	-1.1	-0.8	-0.9	-0.8	-1.0	-3.4	-1.1	-1.1	-1.5	-1.8	-5.4	-9.2	-10.5	-11.3
EBIT (excl. NRI)	-2.2	-0.6	-1.0	1.8	2.4	3.5	6.7	4.0	4.7	4.2	3.6	16.5	38.5	62.9	89.7
EBIT	-2.2	-0.6	-1.0	1.8	2.4	2.9	6.1	4.0	4.7	4.2	3.6	16.5	38.5	62.9	89.7
Net financial items	0.0	-0.2	-0.2	-1.0	-0.6	0.5	-1.3	-0.3	-0.3	-0.3	-0.3	-1.0	-1.0	-1.0	-1.0
PTP	-2.2	-0.8	-1.2	0.8	1.8	3.4	4.8	3.7	4.5	3.9	3.4	15.5	37.5	61.9	88.7
Taxes	0.0	1.1	0.1	-0.2	-0.4	-0.9	-1.4	-0.7	-0.9	-0.8	-0.7	-3.1	-8.2	-13.6	-19.5
Net earnings	-2.2	0.3	-1.1	0.6	1.4	2.5	3.4	3.0	3.6	3.2	2.7	12.4	29.2	48.3	69.2
EPS (adj.)		0.01	-0.02	0.01	0.03	0.06	0.07	0.05	0.06	0.06	0.05	0.22	0.53	0.87	1.25
EPS (rep.)		0.01	-0.02	0.01	0.03	0.05	0.06	0.05	0.06	0.06	0.05	0.22	0.53	0.87	1.25

Key figures	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23e	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	909.2 %	730.3 %					278.1 %	280.0 %	128.0 %	68.0 %	62.4 %	102.0 %	46.0 %	35.0 %	25.0 %
Adjusted EBIT growth-%			100.0 %	260.0 %	13.4 %			-498.8 %	162.7 %	75.9 %	2.7 %	146.5 %	132.9 %	63.4 %	42.6 %
EBITDA-%			-2.0 %	12.3 %	9.7 %	10.3 %	9.2 %	11.6 %	11.8 %	10.3 %	8.8 %	10.5 %	15.6 %	17.8 %	19.6 %
Adjusted EBIT-%			-8.7 %	8.3 %	7.3 %	9.3 %	6.5 %	9.1 %	9.6 %	7.6 %	5.9 %	7.9 %	12.6 %	15.2 %	17.4 %
Net earnings-%			-9.6 %	2.8 %	4.3 %	6.7 %	3.3 %	6.8 %	7.3 %	5.7 %	4.4 %	5.9 %	9.6 %	11.7 %	13.4 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	5.2	24.3	32.8	39.7	40.9
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	1.1	2.6	4.1	5.7	7.2
Tangible assets	2.9	21.1	28.7	34.0	33.7
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	1.3	0.6	0.0	0.0	0.0
Current assets	103	130	177	238	280
Inventories	6.4	27.1	51.9	71.5	91.6
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	6.6	28.7	55.1	76.2	97.9
Cash and equivalents	90.4	74.0	70.0	90.0	90.3
Balance sheet total	109	154	210	277	321

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	97.5	101	113	142	191
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	1.8	6.4	18.8	48.0	96.3
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	95.7	94.2	94.2	94.2	94.2
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	1.0	16.0	24.1	32.4	2.8
Deferred tax liabilities	0.3	0.4	0.4	0.4	0.4
Provisions	0.2	2.4	2.4	2.4	2.4
Long term debt	0.5	13.3	21.4	29.6	0.0
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	10.0	37.5	72.6	103	127
Short term debt	0.6	2.4	3.8	5.2	0.0
Payables	9.4	35.1	68.8	97.4	127
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	108	154	210	277	321

DCF calculation

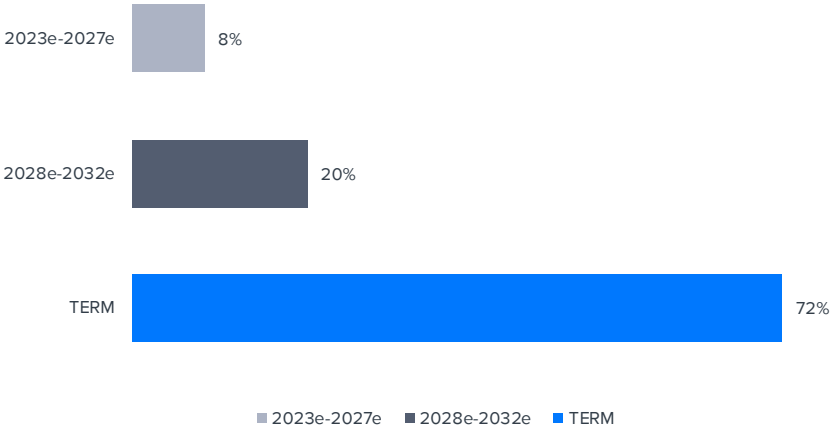
DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	278.1%	102.0 %	46.0 %	35.0 %	25.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	3.0 %	3.0 %
EBIT-%	5.9 %	7.9 %	12.6 %	15.2 %	17.4 %	18.6 %	19.2 %	19.8 %	20.3 %	18.0 %	18.0 %	18.0 %
EBIT (operating profit)	6.1	16.5	38.5	62.9	89.7	105	120	136	153	149	154	
+ Depreciation	3.4	5.4	9.2	10.5	11.3	11.3	11.9	12.4	13.6	14.9	13.6	
- Paid taxes	-0.6	-2.5	-8.2	-13.6	-19.5	-23.0	-26.1	-29.7	-33.5	-32.7	-33.6	
- Tax, financial expenses	-0.4	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	
+ 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	-17.2	-17.4	-12.1	-11.8	-11.9	-4.6	-4.7	-4.9	-1.3	-0.6	-2.7	
Operating cash flow	-8.6	1.8	27.1	47.7	69.4	89.0	101	113	132	131	131	
+ 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	
- Gross CAPEX		-14.5	-16.0	-11.7	-12.4	-12.6	-12.9	-13.2	-13.5	-13.8	-14.2	
Free operating cash flow		-12.7	11.1	36.0	57.0	76.4	87.6	100	118	117	117	
+/- Other		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF		-12.7	11.1	36.0	57.0	76.4	87.6	100	118	117	117	2328
Discounted FCFF		-11.9	9.6	28.7	42.0	52.1	55.2	58.4	63.7	58.3	53.8	1072
Sum of FCFF present value		1482	1494	1484	1456	1414	1361	1306	1248	1184	1126	1072
Enterprise value DCF		1482										
- Interesting bearing debt		-15.7										
+ Cash and cash equivalents		74.0										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		1540										
Equity value DCF per share		27.7										

Wacc

Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	3.0 %
Equity Beta	1.33
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.8 %
Weighted average cost of capital (WACC)	8.2 %

Source: Inderes

Cash flow distribution



Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	3.3	27.4	103.6	209.3	305.5	EPS (reported)		0.01	0.06	0.22	0.53
EBITDA	-2.1	0.5	9.5	22.0	47.6	EPS (adj.)		0.01	0.07	0.22	0.53
EBIT	-2.2	-0.6	6.1	16.5	38.5	OCF / share		0.00	-0.16	0.03	0.49
PTP	-2.2	-0.8	4.8	15.5	37.5	FCF / share		-0.14	-0.53	-0.23	0.20
Net Income	-2.2	0.3	3.4	12.4	29.2	Book value / share		1.76	1.81	2.04	2.56
Extraordinary items	0.0	0.0	-0.6	0.0	0.0	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	6.2	108.5	154.2	209.8	277.4	Revenue growth-%	909%	730%	278%	102%	46%
Equity capital	0.6	97.5	100.7	113.1	142.3	EBITDA growth-%	-4%	-124%	1800%	131%	117%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	-1%	-73%	-1217%	147%	133%
Net debt	-0.5	-89.3	-58.3	-44.8	-55.1	EPS (adj.) growth-%			1287%	198%	135%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	-63.6 %	1.8 %	9.2 %	10.5 %	15.6 %
EBITDA	-2.1	0.5	9.5	22.0	47.6	EBIT (adj.)-%	-66.7 %	-2.2 %	6.5 %	7.9 %	12.6 %
Change in working capital	-2.9	-0.6	-17.2	-17.4	-12.1	EBIT-%	-66.7 %	-2.2 %	5.9 %	7.9 %	12.6 %
Operating cash flow	-5.0	-0.1	-8.6	1.8	27.1	ROE-%	-430.1%	0.6 %	3.5 %	11.6 %	22.9 %
CAPEX	-0.5	-4.4	-23.2	-14.5	-16.0	ROI-%	-430.1%	-1.2 %	5.7 %	13.0 %	24.4 %
Free cash flow	-1.9	-7.7	-29.7	-12.7	11.1	Equity ratio	9.7 %	89.9 %	65.3 %	53.9 %	51.3 %
						Gearing	-83.3 %	-91.5 %	-57.9 %	-39.7 %	-38.7 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	neg.	20.2	10.0	7.1	4.8						
EV/EBITDA (adj.)	0.2	>100	>100	67.7	31.0						
EV/EBIT (adj.)	0.2	neg.	>100	90.0	38.4						
P/E (adj.)		>100	>100	>100	52.4						
P/B	0.0	6.6	10.8	13.5	10.8						
Dividend-%		0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
15-08-22	Accumulate	20.00 €	18.35 €
30-10-22	Accumulate	22.00 €	19.64 €
15-02-23	Reduce	27.00 €	27.56 €



Inderes' mission is to connect listed companies and investors. We produce high-quality research and content for the needs of our extensive investor community.

At Inderes we believe that open data is every investor's fundamental right. We guarantee investors' access to award-winning research, insightful video content and an active investor community.

For listed companies we ensure that there is always high-quality information available on the company for investors and shareholders for decision making, and that data collected from investors can be utilized by the companies.

Over 100 Finnish listed companies want to serve their shareholders and investors through us by utilizing our company research services, data driven IR services, content creation and consulting.

Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

Award-winning research at [inderes.fi](https://www.inderes.fi)



**STARMINE
ANALYST AWARDS
FROM REFINITIV**



THOMSON REUTERS
ANALYST AWARDS



Juha Kinnunen
2012, 2016, 2017, 2018, 2019, 2020



Mikael Rautanen
2014, 2016, 2017, 2019



Sauli Vilén
2012, 2016, 2018, 2019, 2020



Antti Viljakainen
2014, 2015, 2016, 2018, 2019, 2020



Olli Koponen
2020



Joni Grönqvist
2019, 2020



Erkki Vesola
2018, 2020



Petri Gostowski
2020



Atte Riikola
2020

**Research belongs
to everyone.**