

# Sitowise

## Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Ruotsissakin rakoilee" published on 10/20/2023 at 7:39 am EEST

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# Sweden is also cracking

On Thursday, Sitowise issued a profit warning concerning profitability. The softness of the Buildings market in Finland has continued and the Swedish market is also starting to crack. Due to the outlook, growth in the next few years seems challenging, as we estimate that internal and market challenges now also restrict profitability. We lowered our earnings estimates for the next few years by 10-20%. Although we still find the share's expected return good, we lower our recommendation to Accumulate (was Buy) and target price to EUR 4.00 (was EUR 5.00) with increased risks and forecast cuts. Sitowise will publish its Q3 report on November 2, 2023.

## Profitability does not withstand a weak market

On Thursday, Sitowise lowered its guidance concerning the 2023 EBITA margin. Sitowise now estimates that its net sales in 2023 will increase (unchanged) compared to 2022, and its adjusted EBITA margin for the whole year 2023 will be below year-to-date adjusted EBITA margin level of 9.2%, but above 8% (previously roughly at 2022 level). Compared to the 10% margin of 2022, the guidance is a clear disappointment and based on the justifications, growth has also faded. According to the company, Infra and Digital solutions have continued to grow strongly, but the Buildings and Sweden business halted the Group's net sales growth in Q3. According to preliminary Q3 data, net sales were EUR 45.6 million (45.9 MEUR Q3'22) and the adjusted EBITA margin decreased to 7.6% (10.7% Q3'22). The weakness in Buildings was known, but the Swedish market cracking and emerging internal challenges were a surprise. The company believes the Buildings market will remain challenging also in 2024, and the weak Swedish and Finnish economies will slow down growth. Sweden is also implementing new ERP and CRM systems, which is expected to depress utilization rates at least in Q4. Profitability now appears to be subject to many concerns, in addition to market development.

## Earnings estimates down by 10-20%

Due to the weakened outlook, we lowered our net sales and profitability estimates. In our projections, net sales will continue to grow by 4.5% in 2023, but adjusted EBITA will decrease by 11% to EUR 18.1 million (EBITA-%: 8.5%). In 2024, we expect net sales to fall by around 2% to EUR 209 million due to weak market development early in the year. We expect adjusted EBITA to rise to EUR 19.6 million (EBITA-%: 9.4%) through improved utilization rates and gradually improving market conditions. We believe Sitowise's profitability potential is higher than what current forecasts indicate for the next few years. We feel, however, that the above-mentioned challenges increase risks that profitability will remain at a lower level also next year. In addition, the timing of the market recovery, the challenges posed by inflation and tightening competition (pricing) create uncertainties for the business. In the big picture, the challenges still seem to be caused by the market, but gradually, the company's long-term performance potential needs to be assessed more critically if the situation continues.

## There is upside in the valuation but risks are growing

In spite of the estimate cuts we still believe there is upside in Sitowise's valuation (23-24e average EV/EBITDA: 7x, P/E: 13x). At the level we accept (EV/EBITDA: 8x, P/E: 14x) the share would have an upside of approximately 10%, in addition to which the share offers a dividend yield of some 4%. We also find the valuation difference too large (-20%) compared to the peers. However, the upside in the valuation has weakened, and with increased risks, we believe the expected return is not sufficient for a higher recommendation.

## Recommendation

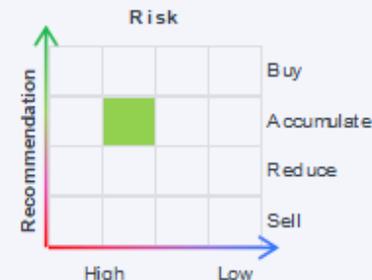
**Accumulate**

(previous Buy)

**EUR 4.00**

(previous EUR 5.00)

3.38



## Key figures

	2022	2023e	2024e	2025e
<b>Revenue</b>	204.4	213.6	209.2	217.6
<b>growth-%</b>	14%	4%	-2%	4%
<b>EBIT adj.</b>	17.5	14.3	17.9	22.8
<b>EBIT-% adj.</b>	8.5 %	6.7 %	8.5 %	10.5 %
<b>Net Income</b>	7.8	8.2	11.1	15.0
<b>EPS (adj.)</b>	0.34	0.23	0.31	0.42

<b>P/E (adj.)</b>	15.0	14.4	10.8	8.0
<b>P/B</b>	1.6	1.0	0.9	0.9
<b>Dividend yield-%</b>	1.9 %	3.6 %	4.1 %	4.4 %
<b>EV/EBIT (adj.)</b>	15.4	13.9	10.6	7.8
<b>EV/EBITDA</b>	11.3	7.9	6.8	5.5
<b>EV/S</b>	1.3	0.9	0.9	0.8

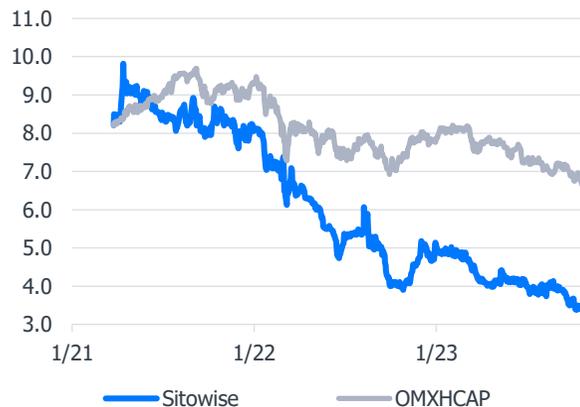
Source: Inderes

## Guidance

(Downgraded)

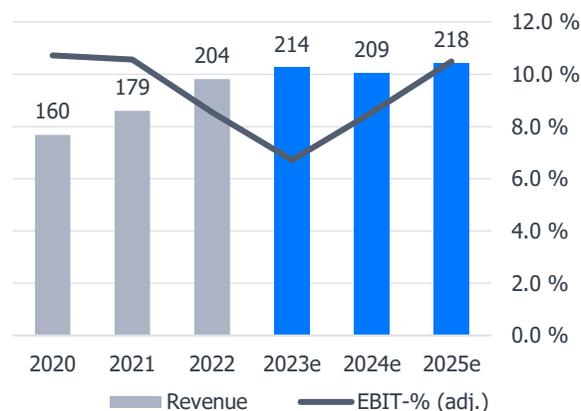
Sitowise Group estimates that its net sales in year 2023 in euros will increase compared to 2022, and that its adjusted EBITA margin (%) for the whole year 2023 will be below year-to-date adjusted EBITA margin level of 9.2%, but above 8%.

## Share price



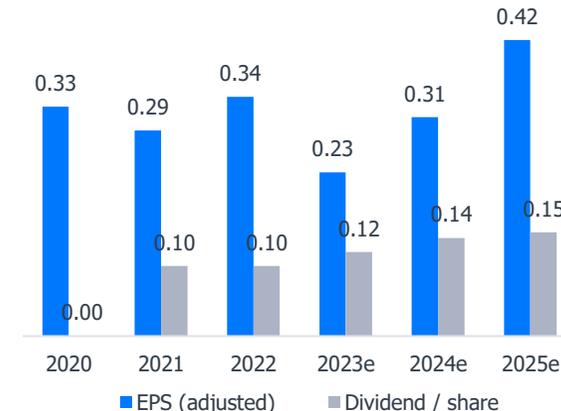
Source: Millstream Market Data AB

## 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	2023e	2024e	2025e
Share price	3.38	3.38	3.38
Number of shares, million:	35.5	35.5	35.5
Market cap	120	120	120
EV	199	190	179
P/E (adj.)	14.4	10.8	8.0
P/B	1.0	0.9	0.9
EV/Sales	0.9	0.9	0.8
EV/EBITDA	7.9	6.8	5.5
EV/EBIT (adj.)	13.9	10.6	7.8
Payout ratio (%)	52.0 %	44.7 %	35.0 %
Dividend yield-%	3.6 %	4.1 %	4.4 %

Source: Inderes

# Preliminary Q3 data indicate that growth has halted

## Profitability does not withstand a weak market

On Thursday, Sitowise lowered its guidance concerning the 2023 EBITA margin. Sitowise now estimates that its net sales in 2023 will increase (unchanged) compared to 2022, and its adjusted EBITA margin for the whole year 2023 will be below year-to-date adjusted EBITA margin level of 9.2%, but above 8% (previously roughly at 2022 level. Compared to the 10% margin of 2022, the guidance is a clear disappointment and based on the justifications, growth has also faded.

According to the company, Infra and Digital solutions have continued to grow strongly, but the Buildings and Sweden business halted the Group's net sales growth in Q3. According to preliminary Q3 data, net sales were EUR 45.6 million (45.9 MEUR Q3'22) and the adjusted EBITA margin decreased to 7.6% (10.7% Q3'22).

The weakness in Buildings was known, but the Swedish market cracking and emerging internal challenges were a surprise. The company believes the Buildings market will remain challenging also in 2024, and the weak Swedish and Finnish economies will slow down growth. Sweden is also implementing new ERP and CRM systems, which is expected to depress utilization rates at least in Q4. Profitability now appears to be subject to many concerns, in addition to market development.

<b>Estimates</b>	<b>Q3'22</b>	<b>Q3'23</b>	<b>Q3'23e</b>	<b>Q3'23e</b>	<b>Consensus</b>	<b>2023e</b>
<b>MEUR / EUR</b>	<b>Comparison</b>	<b>Actualized</b>	<b>Inderes</b>	<b>Consensus</b>	<b>Low High</b>	<b>Inderes</b>
<b>Revenue</b>	45.9		45.6			214
<b>EBITA (adj.)</b>	4.9		3.5			18.1
<b>EBIT</b>	3.7		3.3			14.2
<b>PTP</b>	3.3		2.6			10.3
<b>EPS (reported)</b>	0.08		0.04			0.23
<b>Revenue growth-%</b>	16.0 %		-0.8 %			4.5 %
<b>EBITA-% (adj.)</b>	10.7 %		7.6 %			8.5 %

Source: Inderes

# Downward pressure in forecasts

## We lowered our earnings estimates by 10-20 %

Due to the weakened outlook, we lowered both our net sales and profitability forecasts for the next few years. In our projections, net sales will continue to grow by 4.5% in 2023, but adjusted EBITA will decrease by 11% to EUR 18.1 million (EBITA-%: 8.5 %).

In 2024, we expect net sales to fall by around 2% to EUR 209 million due to weak market development early in the year. We expect adjusted EBITA to rise to EUR 19.6 million (EBITA-%: 9.4%) through improved utilization rates and gradually improving market conditions. For 2025, we expect the market to return to growth and Sitowise's profitability to return closer to its historical levels (11-12%). Volume growth, easing market challenges, efficiency measures progressing, and integrating businesses into Sitowise's systems serve as the basis for our profitability forecasts.

Sitowise's profitability potential is much higher than the current forecasts for 2023 and 2024 indicate. However, we believe that the challenges mentioned in the explanation for the guidance increase the risks that profitability will remain at a lower level also next year. In addition, the timing of the market recovery, the challenges posed by inflation and tightening competition (pricing) create uncertainties for business demand.

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	220	214	-3%	226	209	-8%	236	218	-8%
EBITDA	28.5	25.2	-12%	32.9	28.1	-15%	36.5	32.3	-11%
EBITA (adj.)	21.4	18.1	-15%	24.5	19.6	-20%	28.7	24.5	-14%
EBITA	20.6	17.3	-16%	24.5	19.6	-20%	28.7	24.5	-14%
PTP	13.6	10.3	-24%	19.0	14.1	-26%	23.2	19.0	-18%
EPS (excl. NRIs)	0.31	0.23	-24%	0.42	0.31	-26%	0.52	0.42	-18%

# There is upside in the valuation but risks are growing

## Acceptable valuation

Our acceptable valuation level mirrors 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 weakened. Now profitability has continued to deteriorate and due to increased risks, we are lowering the range to a more moderate level. Now, our acceptable valuation range for Sitowise is: P/E 12-16x (was 14-18x) and EV/EBITDA: 7-9x (was 8-10x).

We are now relying on the mid-point of the acceptable range. To support the valuation, the company's performance should improve in the coming years towards its previous levels. If the performance remains below targets and estimates, there may be downside potential to the lower end of the range.

In spite of the estimate cuts we still believe there is upside in Sitowise's valuation (23-24e average EV/EBITDA: 7x, P/E: 13x). At the level we accept (EV/EBITDA: 8x, P/E: 14x) the share would have an upside of approximately 10%, in addition to which the share offers a dividend yield of around 4%.

## Peer group valuation

Compared to the peer group, Sitowise is also priced at a discount. For 2023-2024, the median valuations of peers (P/E: 17x, EV/EBITDA: 10x) has, however, already become a bit challenging. However, 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 high valuation of the peers and the uncertainty of the forecasts, we rely on it with a small weight.

## DCF valuation

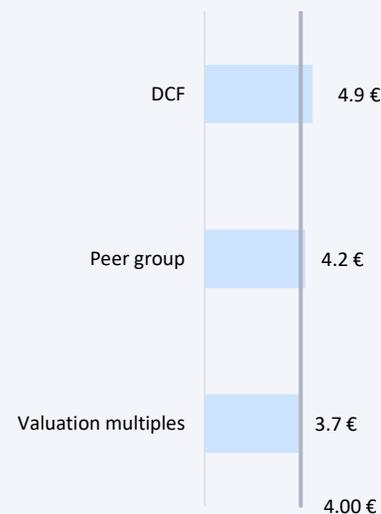
We also use DCF in the valuation. The value indicated by the DCF (EUR 4.9) is higher than the current share price and our target price. However, due to the company's acquisition-driven growth, our organic growth-based estimates do not necessarily give the best picture of the company's valuation as they probably underestimate the company's long-term growth.

In our model, the company's net sales growth stabilizes at 1% in the terminal period after stronger medium-term growth, and the EBIT margin is 10.0% of net sales. 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 it has increased with the rise in general required returns. We feel, however, that Sitowise's risks in general are more moderate compared to conventional builders, but the profitability challenges seen today and the cracking of the market increased uncertainty in the company's business operations.

Valuation	2023e	2024e	2025e
Share price	3.38	3.38	3.38
Number of shares, million	35.5	35.5	35.5
Market cap	120	120	120
EV	199	190	179
P/E (adj.)	14.4	10.8	8.0
P/B	1.0	0.9	0.9
EV/Sales	0.9	0.9	0.8
EV/EBITDA	7.9	6.8	5.5
EV/EBIT (adj.)	13.9	10.6	7.8
Payout ratio (%)	52.0 %	44.7 %	35.0 %
Dividend yield-%	3.6 %	4.1 %	4.4 %

Source: Inderes

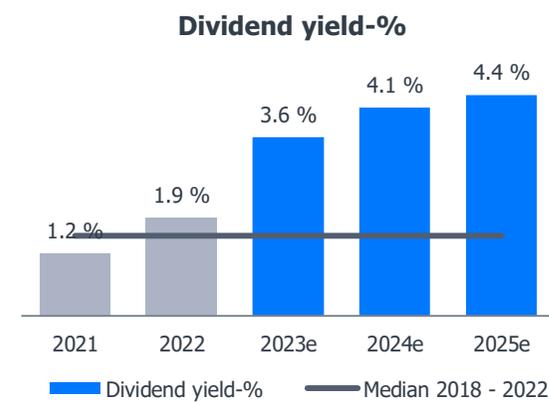
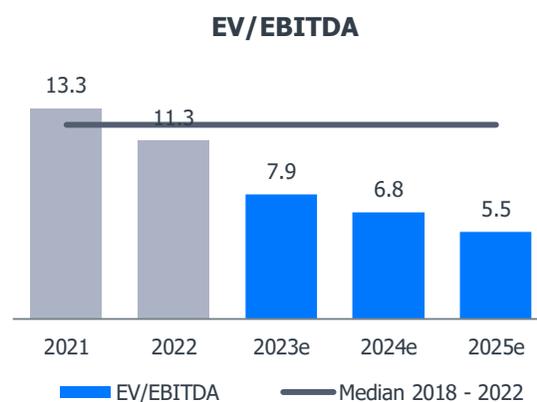
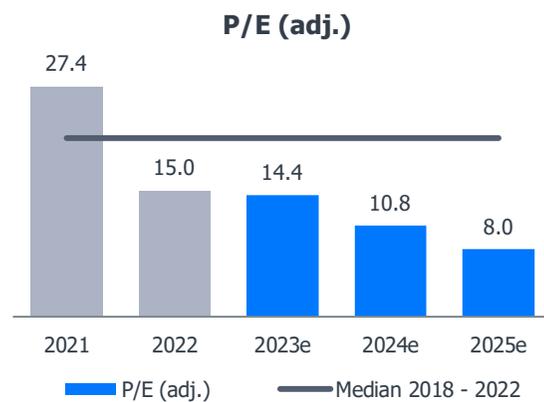
## Target price formation



# Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price				8.05	5.14	3.38	3.38	3.38	3.38
Number of shares, millions				35.4	35.5	35.5	35.5	35.5	35.5
Market cap				285	182	120	120	120	120
EV				345	268	199	190	179	165
P/E (adj.)				27.4	15.0	14.4	10.8	8.0	6.6
P/B				2.5	1.6	1.0	0.9	0.9	0.8
EV/Sales				1.9	1.3	0.9	0.9	0.8	0.7
EV/EBITDA				13.3	11.3	7.9	6.8	5.5	4.6
EV/EBIT (adj.)				18.2	15.4	13.9	10.6	7.8	6.2
Payout ratio (%)				45.2 %	45.2 %	52.0 %	44.7 %	35.0 %	37.0 %
Dividend yield-%				1.2 %	1.9 %	3.6 %	4.1 %	4.4 %	5.6 %

Source: Inderes



# Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2023e
			2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	
Sweco AB	3210	3775	13.2	12.2	1.6	1.5	19.5	17.5	2.7	2.8	3.5
Afry AB	1362	2008	8.3	7.8	0.9	0.9	12.5	10.9	4.3	4.8	1.3
Rejlers AB	222	276	7.5	6.7	0.8	0.8	12.8	11.1	3.6	4.1	1.4
WSP Global Inc	16242	19182	14.7	13.4	2.6	2.4	28.3	24.8	0.8	0.8	3.7
Solwers Oyj	41	72	10.0	9.0	1.2	1.1	41.4	15.9	2.2	2.4	1.1
Etteplan Oyj	397	468	9.8	9.0	1.3	1.2	18.5	16.2	2.5	2.9	3.4
Arcadis NV	3902	5081	10.2	9.4	1.2	1.1	16.1	14.2	2.1	2.4	3.2
<b>Sitowise (Inderes)</b>	<b>120</b>	<b>199</b>	<b>7.9</b>	<b>6.8</b>	<b>0.9</b>	<b>0.9</b>	<b>14.4</b>	<b>10.8</b>	<b>3.6</b>	<b>4.1</b>	<b>1.0</b>
<b>Average</b>			<b>10.5</b>	<b>9.6</b>	<b>1.4</b>	<b>1.3</b>	<b>21.3</b>	<b>15.8</b>	<b>2.6</b>	<b>2.9</b>	<b>2.5</b>
<b>Median</b>			<b>10.0</b>	<b>9.0</b>	<b>1.2</b>	<b>1.1</b>	<b>18.5</b>	<b>15.9</b>	<b>2.5</b>	<b>2.8</b>	<b>3.2</b>
<b>Diff-% to median</b>			<b>-21%</b>	<b>-25%</b>	<b>-22%</b>	<b>-17%</b>	<b>-22%</b>	<b>-32%</b>	<b>40%</b>	<b>49%</b>	<b>-69%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
<b>Revenue</b>	<b>160.1</b>	<b>179.3</b>	<b>49.2</b>	<b>51.7</b>	<b>45.9</b>	<b>57.6</b>	<b>204.4</b>	<b>56.1</b>	<b>56.5</b>	<b>45.6</b>	<b>55.5</b>	<b>213.6</b>	<b>209.2</b>	<b>217.6</b>	<b>224.5</b>
<b>EBITDA</b>	<b>26.3</b>	<b>25.8</b>	<b>5.4</b>	<b>5.2</b>	<b>6.5</b>	<b>6.7</b>	<b>23.8</b>	<b>8.5</b>	<b>6.4</b>	<b>5.2</b>	<b>5.2</b>	<b>25.2</b>	<b>28.1</b>	<b>32.3</b>	<b>35.6</b>
Depreciation	-8.0	-9.4	-2.5	-2.5	-2.7	-2.9	-10.6	-3.0	-2.8	-2.6	-2.7	-11.0	-10.2	-9.5	-8.9
<b>EBITA (adj.)</b>	<b>20.6</b>	<b>21.1</b>	<b>5.2</b>	<b>4.9</b>	<b>4.9</b>	<b>5.3</b>	<b>20.4</b>	<b>6.6</b>	<b>4.5</b>	<b>3.5</b>	<b>3.5</b>	<b>18.1</b>	<b>19.6</b>	<b>24.5</b>	<b>28.5</b>
<b>EBITA</b>	<b>19.5</b>	<b>18.6</b>	<b>3.5</b>	<b>3.3</b>	<b>4.5</b>	<b>4.7</b>	<b>16.1</b>	<b>6.2</b>	<b>4.4</b>	<b>3.3</b>	<b>3.3</b>	<b>17.3</b>	<b>19.6</b>	<b>24.5</b>	<b>28.5</b>
<b>EBIT</b>	<b>18.3</b>	<b>16.4</b>	<b>2.9</b>	<b>2.7</b>	<b>3.7</b>	<b>3.8</b>	<b>13.2</b>	<b>5.5</b>	<b>3.6</b>	<b>2.6</b>	<b>2.5</b>	<b>14.2</b>	<b>17.9</b>	<b>22.8</b>	<b>26.8</b>
Net financial items	-2.4	-6.1	-1.4	-0.3	-0.4	-0.7	-2.9	-1.1	-0.9	-0.9	-1.0	-3.9	-3.8	-3.8	-3.8
<b>PTP</b>	<b>15.9</b>	<b>10.3</b>	<b>1.5</b>	<b>2.4</b>	<b>3.3</b>	<b>3.0</b>	<b>10.3</b>	<b>4.4</b>	<b>2.7</b>	<b>1.7</b>	<b>1.5</b>	<b>10.3</b>	<b>14.1</b>	<b>19.0</b>	<b>23.0</b>
Taxes	-3.2	-2.4	-0.4	-0.8	-0.5	-0.6	-2.4	-0.9	-0.6	-0.3	-0.3	-2.1	-2.9	-3.9	-4.7
Minority interest	-0.1	-0.1	0.0	-0.1	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1
<b>Net earnings</b>	<b>12.6</b>	<b>7.8</b>	<b>1.1</b>	<b>1.5</b>	<b>2.8</b>	<b>2.4</b>	<b>7.8</b>	<b>3.5</b>	<b>2.2</b>	<b>1.3</b>	<b>1.2</b>	<b>8.2</b>	<b>11.1</b>	<b>15.0</b>	<b>18.1</b>
<b>EPS (adj.)</b>	<b>0.33</b>	<b>0.29</b>	<b>0.08</b>	<b>0.09</b>	<b>0.09</b>	<b>0.08</b>	<b>0.34</b>	<b>0.11</b>	<b>0.05</b>	<b>0.04</b>	<b>0.03</b>	<b>0.23</b>	<b>0.31</b>	<b>0.42</b>	<b>0.51</b>
<b>EPS (rep.)</b>	<b>0.36</b>	<b>0.22</b>	<b>0.03</b>	<b>0.04</b>	<b>0.08</b>	<b>0.07</b>	<b>0.22</b>	<b>0.10</b>	<b>0.06</b>	<b>0.04</b>	<b>0.03</b>	<b>0.23</b>	<b>0.31</b>	<b>0.42</b>	<b>0.51</b>

	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
<b>Key figures</b>	11.9 %	12.0 %	15.0 %	11.2 %	16.0 %	14.1 %	14.0 %	13.9 %	9.2 %	-0.8 %	-3.6 %	4.5 %	-2.0 %	4.0 %	3.2 %
<b>Revenue growth-%</b>		2.4 %	10.8 %	-17.0 %	0.6 %	-5.2 %	-3.6 %	27.0 %	-8.4 %	-29.4 %	-33.6 %	-11.0 %	8.0 %	25.3 %	16.0 %
<b>Adj. EBITA growth-%</b>	12.9 %	11.8 %	10.6 %	9.5 %	10.7 %	9.2 %	10.0 %	11.8 %	8.0 %	7.6 %	6.4 %	8.5 %	9.4 %	11.3 %	12.7 %
<b>Net profit-%</b>	7.9 %	4.4 %	2.3 %	2.9 %	6.1 %	4.2 %	3.8 %	6.2 %	3.8 %	2.9 %	2.2 %	3.8 %	5.3 %	6.9 %	8.1 %

Source: Inderes

# Balance sheet

Assets	2021	2022	2023e	2024e	2025e
<b>Non-current assets</b>	<b>177</b>	<b>202</b>	<b>199</b>	<b>197</b>	<b>196</b>
Goodwill	135	158	158	158	158
Intangible assets	7.5	10.2	7.2	4.3	2.6
Tangible assets	31.4	31.8	31.8	32.5	32.7
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	1.1	0.9	0.9	0.9	0.9
<b>Current assets</b>	<b>72.7</b>	<b>78.3</b>	<b>85.1</b>	<b>92.9</b>	<b>107</b>
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	53.3	62.9	64.1	62.8	65.3
Cash and equivalents	19.4	15.4	21.0	30.2	41.6
<b>Balance sheet total</b>	<b>250</b>	<b>281</b>	<b>285</b>	<b>290</b>	<b>303</b>

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
<b>Equity</b>	<b>115</b>	<b>117</b>	<b>122</b>	<b>128</b>	<b>138</b>
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	18.8	23.4	28.1	34.9	45.0
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	95.5	92.8	92.8	92.8	92.8
Minorities	0.2	0.3	0.3	0.3	0.3
<b>Non-current liabilities</b>	<b>72.6</b>	<b>94.6</b>	<b>91.6</b>	<b>91.6</b>	<b>91.6</b>
Deferred tax liabilities	1.6	1.6	1.6	1.6	1.6
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	71.0	93.0	90.0	90.0	90.0
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
<b>Current liabilities</b>	<b>62.3</b>	<b>69.2</b>	<b>71.4</b>	<b>70.2</b>	<b>72.6</b>
Interest bearing debt	7.6	7.9	10.0	10.0	10.0
Payables	51.0	59.6	59.8	58.6	60.9
Other current liabilities	3.7	1.6	1.6	1.6	1.6
<b>Balance sheet total</b>	<b>250</b>	<b>281</b>	<b>285</b>	<b>290</b>	<b>303</b>

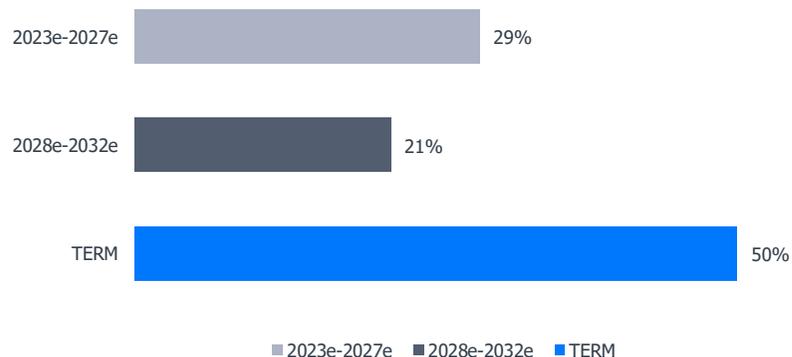
# DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	14.0 %	4.5 %	-2.0 %	4.0 %	3.2 %	3.0 %	4.0 %	2.5 %	2.0 %	1.0 %	1.0 %	1.0 %
EBIT-%	6.4 %	6.7 %	8.5 %	10.5 %	11.9 %	11.0 %	10.5 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %
<b>EBIT (operating profit)</b>	<b>13.2</b>	<b>14.2</b>	<b>17.9</b>	<b>22.8</b>	<b>26.8</b>	<b>25.4</b>	<b>25.3</b>	<b>24.7</b>	<b>25.1</b>	<b>25.4</b>	<b>25.7</b>	
+ Depreciation	10.6	11.0	10.2	9.5	8.9	8.5	8.3	8.2	8.1	8.0	8.0	
- Paid taxes	-2.2	-2.1	-2.9	-3.9	-4.7	-4.5	-4.4	-4.3	-4.4	-4.5	-4.5	
- Tax, financial expenses	-0.7	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.7	-0.7	-0.7	-0.7	
+ 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	-3.0	-1.0	0.1	-0.2	-0.1	-0.1	-0.2	-0.1	-0.1	-0.1	-0.1	
<b>Operating cash flow</b>	<b>17.9</b>	<b>21.3</b>	<b>24.5</b>	<b>27.5</b>	<b>30.0</b>	<b>28.6</b>	<b>28.2</b>	<b>27.6</b>	<b>28.0</b>	<b>28.2</b>	<b>28.3</b>	
+ 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	-36.1	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.1	
<b>Free operating cash flow</b>	<b>-18.2</b>	<b>13.3</b>	<b>16.5</b>	<b>19.5</b>	<b>22.0</b>	<b>20.6</b>	<b>20.2</b>	<b>19.6</b>	<b>20.0</b>	<b>20.2</b>	<b>20.2</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-18.2	13.3	16.5	19.5	22.0	20.6	20.2	19.6	20.0	20.2	20.2	278
<b>Discounted FCFF</b>		<b>13.0</b>	<b>14.9</b>	<b>16.3</b>	<b>17.0</b>	<b>14.7</b>	<b>13.3</b>	<b>11.9</b>	<b>11.2</b>	<b>10.4</b>	<b>9.6</b>	<b>133</b>
Sum of FCFF present value		265	252	237	221	204	189	176	164	153	142	133
<b>Enterprise value DCF</b>		<b>265</b>										
- Interest bearing debt		-101.0										
+ Cash and cash equivalents		15.4										
-Minorities		-0.3										
-Dividend/capital return		-3.6										
<b>Equity value DCF</b>		<b>176</b>										
<b>Equity value DCF per share</b>		<b>4.9</b>										

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 %
<b>Cost of equity</b>	<b>10.1 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.4 %</b>

Source: Inderes

## Cash flow distribution



# Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	160.1	179.3	204.4	<b>213.6</b>	<b>209.2</b>	EPS (reported)	0.36	0.22	0.22	<b>0.23</b>	<b>0.31</b>
EBITDA	26.3	25.8	23.8	<b>25.2</b>	<b>28.1</b>	EPS (adj.)	0.33	0.29	0.34	<b>0.23</b>	<b>0.31</b>
EBIT	18.3	16.4	13.2	<b>14.2</b>	<b>17.9</b>	OCF / share	0.79	0.50	0.50	<b>0.60</b>	<b>0.69</b>
PTP	15.9	10.3	10.3	<b>10.3</b>	<b>14.1</b>	FCF / share	-0.15	-0.23	-0.51	<b>0.37</b>	<b>0.46</b>
Net Income	12.7	7.8	7.8	<b>8.2</b>	<b>11.1</b>	Book value / share	1.90	3.24	3.29	<b>3.41</b>	<b>3.60</b>
Extraordinary items	1.1	-2.6	-4.3	<b>-0.1</b>	<b>0.0</b>	Dividend / share	0.00	0.10	0.10	<b>0.12</b>	<b>0.14</b>
<b>Balance sheet</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>Growth and profitability</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>
Balance sheet total	221.5	249.8	280.7	<b>284.5</b>	<b>290.2</b>	Revenue growth-%	12%	12%	14%	<b>4%</b>	<b>-2%</b>
Equity capital	66.9	114.9	116.9	<b>121.5</b>	<b>128.4</b>	EBITDA growth-%	36%	-2%	-8%	<b>6%</b>	<b>11%</b>
Goodwill	118.1	135.2	157.6	<b>157.6</b>	<b>157.6</b>	EBIT (adj.) growth-%	130%	10%	-8%	<b>-18%</b>	<b>25%</b>
Net debt	86.5	59.3	85.6	<b>79.0</b>	<b>69.8</b>	EPS (adj.) growth-%	144%	-10%	16%	<b>-32%</b>	<b>34%</b>
<b>Cash flow</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	EBITDA-%	16.4 %	14.4 %	11.6 %	<b>11.8 %</b>	<b>13.4 %</b>
EBITDA	26.3	25.8	23.8	<b>25.2</b>	<b>28.1</b>	EBIT (adj.)-%	10.7 %	10.6 %	8.5 %	<b>6.7 %</b>	<b>8.5 %</b>
Change in working capital	2.1	-3.2	-3.0	<b>-1.0</b>	<b>0.1</b>	EBIT-%	11.4 %	9.1 %	6.4 %	<b>6.7 %</b>	<b>8.5 %</b>
Operating cash flow	27.9	17.7	17.9	<b>21.3</b>	<b>24.5</b>	ROE-%	20.4 %	8.6 %	6.8 %	<b>6.9 %</b>	<b>8.9 %</b>
CAPEX	-33.1	-25.8	-36.1	<b>-8.0</b>	<b>-8.0</b>	ROI-%	11.7 %	9.0 %	6.4 %	<b>6.5 %</b>	<b>7.9 %</b>
Free cash flow	-5.1	-8.2	-18.2	<b>13.3</b>	<b>16.5</b>	Equity ratio	30.2 %	46.0 %	41.6 %	<b>42.7 %</b>	<b>44.2 %</b>
						Gearing	129.3 %	51.6 %	73.2 %	<b>65.0 %</b>	<b>54.4 %</b>
<b>Valuation multiples</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>						
EV/S	0.6	1.9	1.3	<b>0.9</b>	<b>0.9</b>						
EV/EBITDA (adj.)	3.8	13.3	11.3	<b>7.9</b>	<b>6.8</b>						
EV/EBIT (adj.)	5.9	18.2	15.4	<b>13.9</b>	<b>10.6</b>						
P/E (adj.)	0.0	27.4	15.0	<b>14.4</b>	<b>10.8</b>						
P/B	0.0	2.5	1.6	<b>1.0</b>	<b>0.9</b>						
Dividend-%		1.2 %	1.9 %	<b>3.6 %</b>	<b>4.1 %</b>						

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 €



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