

# Purmo Group

## Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Hyvä kehitys jatkuu” published on 08/12/2022 at 08:00 am.

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# Keeping up the good progress

We reiterate our EUR 13.0 target price and our Buy recommendation for Purmo Group. The company's Q2 performance was exceptionally good relative to expectations, as net sales and the result exceeded our estimates. The outlook was in line with expectations given the unchanged guidance. The company has so far coped well with rising costs and market challenges, although there are uncertainties, especially in the third quarter. After a strong year in 2021, we expect net sales growth and earnings to moderate due to, among other things, the economic situation, market demand normalizing and cost inflation. However, we feel the valuation is very moderate considering the current earnings level and potential and offers a clear upside.

## Q2 report exceeded our expectations

In Q2, Purmo Group's net sales grew strongly (+16%) and exceeded our estimate (+9 %). The overall net sales growth was supported in particular by a 28% increase in net sales in the ICS division. Demand has been strong and price increases supported growth. The Radiators division saw a clear decline in sales volumes, but also saw an increase in net sales (+6%). In general, Purmo has been able to implement the necessary price increases, which reflects the company's pricing power. Thanks to the growth in net sales, the result increased to EUR 27.8 million, exceeding our estimate (25.3 MEUR). The adjusted EBITDA margin fell to 11.4% (Q2'21: 12.6%), but clearly exceeded our estimate of 10.9%. The performance has been better than expected, but uncertainties remain elevated for the rest of the year.

## No major changes in estimates

Purmo's guidance remained unchanged and there were no major surprises in the outlook. The company expects net sales to grow in 2022 (2021: 844 MEUR) and adjusted EBITDA to be at the level of 2021 (103.9 MEUR), and not to change more than 5% from the previous year. In the outlook, the economic situation, availability of materials and cost pressures still pose risks. We estimate that volumes will still fade from their high levels, but on the other hand, the company has also successfully implemented price increases and demand has held up well in the ICS division. New price increases will come into effect at Purmo during Q3-Q4, but particularly Q3 will still be a weaker quarter, according to the company. Overall, however, we expect Purmo's net sales to grow strongly in 2022 and earnings to remain at a good level. We now expect net sales to increase (2022e: 12%) thanks to price increases and the acquisition of Thermotech, but suffering from a slowdown in volumes, particularly in the Radiators division. We expect adjusted EBITDA to drop to EUR 101.7 million in 2022 (adj. EBITDA %: 10.8%) as growth investments, higher raw material prices and the balancing of demand/supply depress margins. Strategic efficiency measures, good net sales level and easing cost pressures boost profitability in our estimates in 2023-2024, supporting earnings growth.

## Clear upside in the valuation

We feel that the valuation has fallen to a very moderate level relative to the earning level we estimate (2022e: EV/EBIT: 9x, P/E: 10x). Already at the lower end of our acceptable valuation range (EV/EBIT: 12-14x, P/E: 14-16x) the share would offer an upside of over 30%. Compared to the peers, the company is priced clearly below the median level (-30%) which also offers an upside. In addition to the upside, the share's annual 4% dividend yield supports the expected return. In our view, the valuation that is low even relative to the quite moderate performance level of 2022 makes the risk/return ratio of the stock very attractive at the moment.

## Recommendation

### Buy

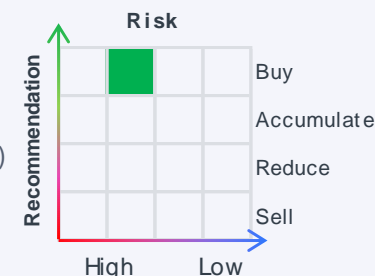
(previous Buy)

### EUR 13.00

(previous EUR 13.00)

### Share price:

11.00



## Key figures

	2021	2022e	2023e	2024e
Revenue	843.6	943.5	907.3	921.0
growth-%	26%	12%	-4%	2%
EBIT adj.	73.7	69.4	73.7	78.7
EBIT-% adj.	8.7 %	7.4 %	8.1 %	8.5 %
Net Income	-18.9	32.9	47.2	52.4
EPS (adj.)	1.78	1.07	1.15	1.28

P/E (adj.)	8.0	10.3	9.6	8.6
P/B	1.5	1.1	1.0	0.9
Dividend yield-%	2.5 %	3.4 %	3.6 %	3.9 %
EV/EBIT (adj.)	11.1	9.3	8.3	7.3
EV/EBITDA	7.9	7.2	5.9	5.3
EV/S	1.0	0.7	0.7	0.6

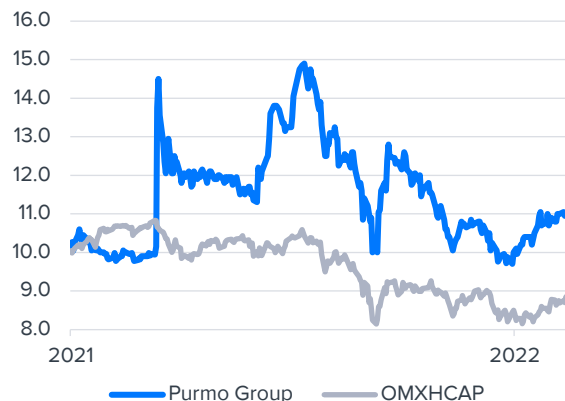
Source: Inderes

## Guidance

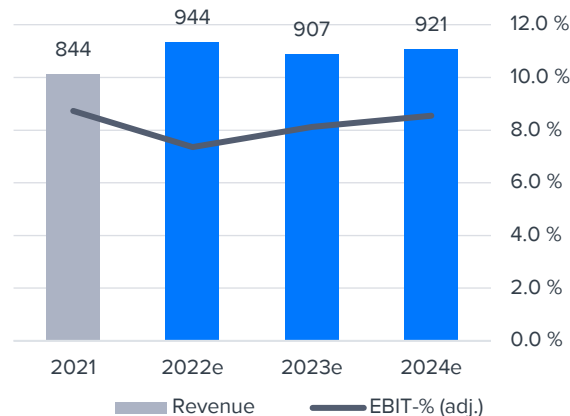
(Unchanged)

For 2022, Purmo Group expects net sales to increase from 2021 (EUR 843.6 million). Adjusted EBITDA is expected to be comparable to 2021 (EUR 103.9 million) i.e. to change not more than 5 per cent from the previous year.

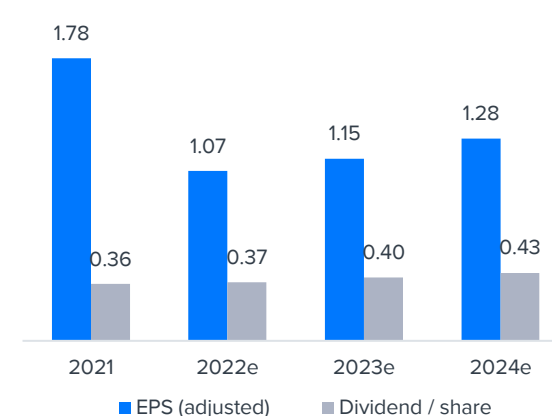
## Share price



## Revenue and EBIT %



## EPS and dividend



## Value drivers

- Strong organic growth faster than market growth
- Sustainable profitability improvement toward higher levels
- Good potential for return on capital
- Growing market with strong megatrends
- One of the largest product portfolios on the market
- Strong global brands
- Leading player on key markets
- Sustainable development, renovation debt, digitalization support the growth outlook of the market
- Acquisitions to support organic growth



## Risk factors

- The industry is dependent on construction cycles, especially in housing construction
- Distribution is dependent on large wholesale customers
- Controlling strong growth
- Capacity management and successful growth investment
- Challenges and bottlenecks in global supply chains
- Price competition on the market and possible difficulties in increasing sales prices
- Cost pressures for raw materials and materials

Valuation	2022e	2023e	2024e
Share price	11.0	11.0	11.0
Number of shares, millions	41.0	41.0	41.0
Market cap	452	452	452
EV	649	611	579
P/E (adj.)	10.3	9.6	8.6
P/B	1.1	1.0	0.9
P/S	0.5	0.5	0.5
EV/Sales	0.7	0.7	0.6
EV/EBITDA	7.2	5.9	5.3
EV/EBIT (adj.)	9.3	8.3	7.3
Payout ratio (%)	46.1 %	34.8 %	33.7 %
Dividend yield-%	3.4 %	3.6 %	3.9 %

Source: Inderes

# Q2 result exceeded our estimates

## Net sales are growing well

In Q2, Purmo Group's net sales grew strongly and exceeded our estimate. Net sales increased by 16% from the comparison period to EUR 245 million (Q2'21: 212 MEUR), when we expected EUR 232 million of net sales. This growth has been supported by good demand, especially in the ICS division (+28%). The division's growth was supported in particular by the Thermotech acquisition and the continued strong traction of the Italian market. Volumes in the Radiators division have been on a downward trend, but also saw growth (+6%) thanks to price increases. Purmo has generally been able to make necessary price increases due to rapidly risen raw material prices on the market, which indicates the company's pricing power. New price increases will take effect in Q3-Q4, but there may still be some delays, depending on the division. However, we expect volumes to level off in the remainder of the

year.

## Earnings level up from strong comparison period

Thanks to strong net sales growth, the result grew year-on-year, clearly exceeding our estimates. In Q2, adjusted EBITDA was EUR 27.8 million (Q2'21: 26.8 MEUR) while we forecast EUR 25.3 million. The adjusted EBITDA margin fell to 11.4% (Q2'21: 12.6%) due to, among other things, lower cost levels in the comparison period, but clearly exceeded our expectation of 10.9%. The result in the ICS division improved (+28%) but decreased in the Radiators division (-5%). The stronger result in ICS was driven by strong sales growth, while the weaker result in Radiators was due to a decline in sales volumes and production efficiency.

## Guidance unchanged, outlook reasonable

Purmo expects net sales to increase from 2021 (843.6 MEUR) and adjusted EBITDA to be at 2021

level (103.9 MER), changing at most by 5% from the previous year. According to the company, Q3 will still be weaker, but Q4 should see an improvement in terms of volumes, price increases and production efficiency. The comparison period for H2 is also easier than H1 was.

However, the longer-term market outlook is still uncertain due to the geopolitical and economic situation and its impact on market demand, supply chains and material prices. Purmo actively tries to manage these (e.g. by raising sales prices) and has been very successful in doing so. The leveling off of net sales and demand has been in line with expectations, as demand that was pent-up because of COVID has unwound. At the same time, there has been pressure on margins as expected, although we have already seen an easing of inflation, especially in raw materials.

Estimates	Q2'21	Q2'22	Q2'22e	Q2'22e	Consensus		Difference (%)	2022e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	212	245	232				5%	944
EBITDA (adj.)	26.8	27.8	25.3				10%	101.7
EBIT	17.7	15.9	17.9				-11%	58.3
PTP	15.8	12.9	15.6				-17%	46.7
EPS (reported)	0.43	0.20	0.30				-34%	0.80
Revenue growth-%	-	15.5 %	9.5 %				6 pp	11.8 %
EBITDA-% (adj.)	12.6 %	11.4 %	10.9 %				0.5 pp	10.8 %

Source: Inderes

# No major changes in estimates

## Development in 2022 looks good

Our net sales estimates increased slightly based on the Q2 report. In the sub-rows, we slightly increased the burden of financial expenses and the reported figures decreased due to Q2 one-off items.

2022 still contains some uncertainties, but a good H1 result and reasonable visibility for the rest of the year support our earnings level estimate. We now estimate net sales to increase by 12% to EUR 944 million in 2022 and adjusted EBITA to be around EUR 102 million. This would mean a further decline of around 2% year-on-year, which is below the average of the company's 5% range.

The level of net sales will be affected by moderating volumes for products and the reduction of business in Russia, as well as by the final exit (around 5% of net sales). Net sales are positively affected by the

increased sales prices of products and the Thermotech acquisition made at the beginning of 2022. We expect the result to fall slightly in 2022 as growth investments, higher raw material prices and the balancing of demand/supply depress margins. The biggest risks in our estimates are the effects of geopolitical risks on the market, a clear weakening of the economic situation and the market, an increase in raw material prices, and tighter price competition.

## Toward a more normal operating environment in 2023

In 2023, we expect the company to return to a more normal operating environment, where we believe product demand volumes will recover, especially toward the end of the year. However, we expect prices to fall, which will also affect Purmo's products at some point. However, easing cost pressure will

help raise margins, where we expect an improvement in 2023-2024. However, we believe the market situation is more moderate than compared to, e.g., 2021, and that net sales will decrease by 4% to EUR 907 million in 2023. In 2024, we expect the market situation (volumes) to pick up from 2023 and price changes will stabilize, increasing net sales to EUR 921 million.

We expect the profitability margins to start improving again in 2023 and further in 2024. We believe that the front-loaded costs from growth investments will no longer affect profitability, the efficiency program in line with the strategy progresses, and the price pressure on the market lightens, which will help Purmo improve its margins. We estimate that the adjusted EBITDA margin will increase to around 11.5% in 2023 and further to some 11.9% in 2024 supported by volume growth.

Estimate revisions	2022e	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	910	944	4%	888	907	2%	904	921	2%
EBITDA (exc. NRIs)	100	101.7	1%	103.0	104.3	1%	108.5	109.6	1%
EBIT (exc. NRIs)	69.1	69.4	0%	72.2	73.7	2%	77.5	78.7	2%
EBIT	61.6	58.3	-5%	72.2	73.7	2%	77.5	78.7	2%
PTP	51.4	46.7	-9%	62.2	62.9	1%	67.6	68.0	1%
EPS (excl. NRIs)	1.12	1.07	-4%	1.14	1.15	1%	1.27	1.28	1%
DPS	0.37	0.37	0%	0.40	0.40	0%	0.43	0.43	0%

Source: Inderes

# Clear upside potential

We price Purmo primarily through earnings-based valuation multiples. We prefer the EV/EBIT multiple and the P/E multiple. In addition, we compare the valuation to an extensive global peer group. We discussed Purmo's potential value if its financial targets were realized in [a recent extensive report](#).

## Acceptable valuation range

In the extensive report, we have assessed Purmo's acceptable valuation range through the historical valuation of peers. Given Purmo's highly growth-oriented nature and earnings growth potential our acceptable valuation range is EV/EBIT: 12-14X and P/E 14-16x. There is upside in the multiples if the company continues to grow and improves its profitability towards the objectives. However, multiples can also decline quickly if the earnings level falls below expectations.

## Absolute multiples

The 2022 valuation is very moderate (2022e: adj. EV/EBIT 9x, adj. P/E: 10) and offers a clear upside to our acceptable levels. In 2023, the valuation drops (2023e: adj. EV/EBIT 8x, adj. P/E: 10) to an even more attractive level. Considering 2022 estimates and the lower end of the valuation range we accept (EV/EBIT: 12x, P/E: 14x) the share would offer an upside of around 30%.

We expect a growing dividend from the company over the next few years. We do not feel the dividend is a key driver for the share yet, but it supports the expected return slightly. For the next few years, the dividend yield is moderate at about 4%.

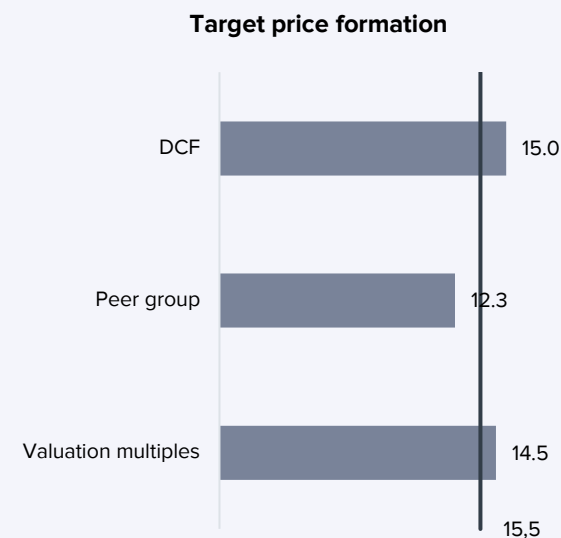
## Peer group

Purmo has a reasonably good peer group available from European listed companies in the industry. The median 2022e EV/EBIT ratio for the peer group is around 14x while the corresponding P/E ratio is some 15x. The valuation of peers has risen slightly from its early-year low but is not yet significantly high. Purmo is valued at a discount of around 30% compared to its peers. Most of the peers are larger global players and the best peers have also had better historical growth and profitability than Purmo, which is why we prefer valuing Purmo at a discount compared to peers.

Due to the company's development stage and smaller size, we are still applying a discount of around 20% to the peer group median. Even with a 20% discount, there's an upside to the peer group valuation. The feasibility of the peers has also suffered from the fall in share prices caused by the geopolitical situation and the estimate levels of the peers may be subject to uncertainty, so its weight is lower than normal in the valuation.

Valuation	2022e	2023e	2024e
Share price	11.0	11.0	11.0
Number of shares, million:	41.0	41.0	41.0
Market cap	452	452	452
EV	649	611	579
P/E (adj.)	10.3	9.6	8.6
P/B	1.1	1.0	0.9
P/S	0.5	0.5	0.5
EV/Sales	0.7	0.7	0.6
EV/EBITDA	7.2	5.9	5.3
EV/EBIT (adj.)	9.3	8.3	7.3
Payout ratio (%)	46.1 %	34.8 %	33.7 %
Dividend yield-%	3.4 %	3.6 %	3.9 %

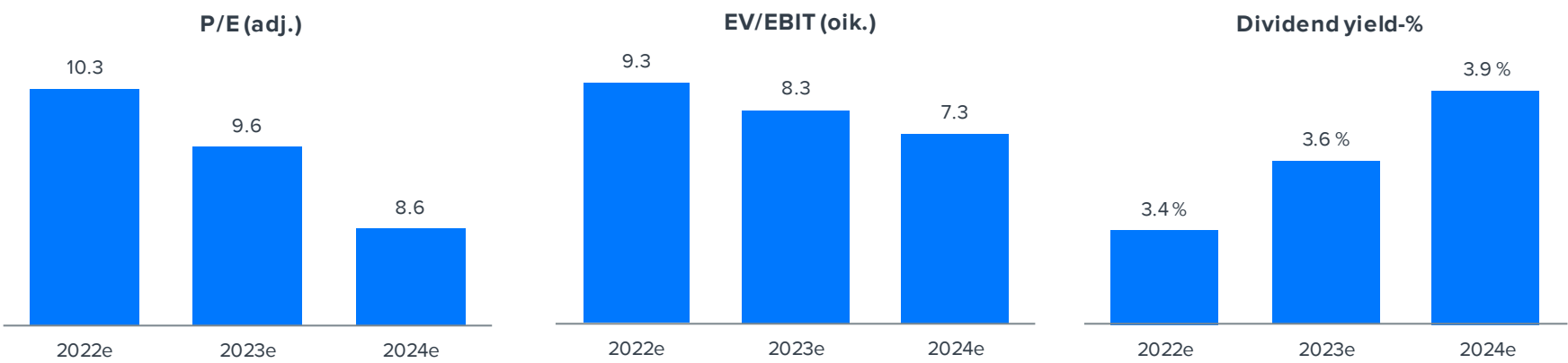
Source: Inderes



# Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price					14.2	11.0	11.0	11.0	11.0
Number of shares, millions					28.8	41.0	41.0	41.0	41.0
Market cap					577	452	452	452	452
EV					817	649	611	579	550
P/E (adj.)					8.0	10.3	9.6	8.6	7.9
P/B					1.5	1.1	1.0	0.9	0.9
P/S					0.7	0.5	0.5	0.5	0.5
EV/Sales					1.0	0.7	0.7	0.6	0.6
EV/EBITDA					7.9	7.2	5.9	5.3	4.7
EV/EBIT (adj.)					11.1	9.3	8.3	7.3	6.5
Payout ratio (%)					neg.	46.1 %	34.8 %	33.7 %	32.9 %
Dividend yield-%					2.5 %	3.4 %	3.6 %	3.9 %	4.2 %

Source: Inderes



# Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/Liikevaihto		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e
Nibe Industrier AB	19028	19658	41.3	35.5	31.9	27.9	5.6	5.1	53.7	46.4	0.6	0.6	8.2
Aalberts NV	4500	5191	11.1	11.0	8.2	8.0	1.6	1.6	14.1	14.1	2.6	2.8	2.0
Lindab International AB	1312	1599	11.0	12.6	8.5	9.2	1.4	1.4	11.7	13.4	3.2	3.1	2.1
Systemair AB	1261	1461	19.1	17.0	13.1	11.6	1.6	1.5	23.5	20.7	1.5	1.6	3.5
Genuit Group PLC	1244	1440	11.7	11.0	9.2	8.7	1.9	1.8	12.5	12.4	3.2	3.2	1.6
Uponor Oyj	1138	1284	8.1	9.0	6.1	6.6	0.9	0.9	10.7	12.1	4.6	5.0	2.5
Arbonia AG	1010	915	12.4	10.4	6.1	5.6	0.7	0.7	19.2	16.7	2.4	2.7	0.9
Volution Group PLC	928	1060	16.5	14.3	12.3	11.8	2.9	2.8	16.9	16.4	1.8	1.8	
Zehnder Group AG	1264	1258	17.3	15.5	12.9	11.7	1.6	1.6	13.5	12.1	3.0	3.2	2.2
<b>Purmo Group (Inderes)</b>	<b>452</b>	<b>649</b>	<b>9.3</b>	<b>8.3</b>	<b>7.2</b>	<b>5.9</b>	<b>0.7</b>	<b>0.7</b>	<b>10.3</b>	<b>9.6</b>	<b>3.4</b>	<b>3.6</b>	<b>1.1</b>
<b>Average</b>			<b>21.4</b>	<b>14.3</b>	<b>11.9</b>	<b>10.7</b>	<b>1.8</b>	<b>1.7</b>	<b>22.1</b>	<b>17.3</b>	<b>2.5</b>	<b>2.9</b>	<b>2.6</b>
<b>Median</b>			<b>13.5</b>	<b>12.6</b>	<b>8.8</b>	<b>9.2</b>	<b>1.6</b>	<b>1.5</b>	<b>15.4</b>	<b>14.1</b>	<b>2.6</b>	<b>2.9</b>	<b>2.0</b>
<b>Diff-% to median</b>			<b>-31%</b>	<b>-34%</b>	<b>-19%</b>	<b>-36%</b>	<b>-57%</b>	<b>-54%</b>	<b>-33%</b>	<b>-32%</b>	<b>28%</b>	<b>23%</b>	<b>-46%</b>

Source: Refinitiv / Inderes



# Income statement

Income statement	2020	Q1'21	Q2'21	2021	Q1'22	Q2'22	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue	671	190	212	844	236	245	232	230	944	907	921	957
EBITDA (adj.)	85.1	29.1	26.8	103.7	29.2	27.8	23.6	21.1	101.7	104.3	109.6	116.2
Depreciation	-29.9	-7.5	-8.0	-30.2	-7.7	-8.3	-8.1	-8.2	-32.3	-30.6	-30.9	-31.1
EBIT	42.0	18.7	17.7	3.5	14.1	15.9	15.5	12.9	58.3	73.7	78.7	85.2
Net financial items	-10.1	-1.8	-1.9	-8.6	-2.8	-3.0	-2.8	-3.0	-11.6	-10.8	-10.7	-10.7
PTP	31.9	16.9	15.8	-5.1	11.3	12.9	12.7	9.9	46.7	62.9	68.0	74.4
Taxes	-6.6	-5.0	-3.5	-13.7	-4.8	-4.5	-2.5	-2.0	-13.8	-15.7	-15.6	-17.1
Minority interest	-0.4	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	24.9	11.9	12.2	-18.9	6.5	8.4	10.1	7.9	32.9	47.2	52.4	57.3
EPS (adj.)	0.94	0.51	0.46	1.78	0.34	0.29	0.25	0.19	1.07	1.15	1.28	1.40
EPS (rep.)	0.61	0.41	0.43	-0.66	0.16	0.20	0.25	0.19	0.80	1.15	1.28	1.40

Key figures	2020	Q1'21	Q2'21	2021	Q1'22	Q2'22	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue growth-%	-3.7 %	-	-	25.7 %	24.1 %	15.5 %	-	-	11.8 %	-3.8 %	1.5 %	3.9 %
Adj. EBITDA growth-%	31.0 %	-	-	21.8 %	0.3 %	3.8 %	-	-	-2.0 %	2.6 %	5.0 %	6.0 %
EBITDA-%	10.7 %	13.8 %	12.1 %	4.0 %	9.2 %	9.9 %	10.1 %	9.2 %	9.6 %	11.5 %	11.9 %	12.1 %
EBITDA-%	12.7 %	15.3 %	12.6 %	12.3 %	12.4 %	11.4 %	10.1 %	9.2 %	10.8 %	11.5 %	11.9 %	12.1 %
Net earnings-%	3.7 %	6.3 %	5.8 %	-2.2 %	2.8 %	3.4 %	4.4 %	3.4 %	3.5 %	5.2 %	5.7 %	6.0 %

Source: Inderes

# Balance sheet

Assets	2020	2021	2022e	2023e	2024e
<b>Non-current assets</b>	<b>596</b>	<b>602</b>	<b>595</b>	<b>593</b>	<b>592</b>
Goodwill	365	369	369	369	369
Intangible assets	38.0	36.3	34.4	32.9	31.4
Tangible assets	164	163	164	166	168
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	3.1	7.2	7.0	7.0	7.0
Deferred tax assets	25.5	26.5	20.0	18.0	16.0
<b>Current assets</b>	<b>240</b>	<b>444</b>	<b>397</b>	<b>421</b>	<b>437</b>
Inventories	105	157	160	150	152
Other current assets	26.7	31.7	30.0	30.0	30.0
Receivables	53.1	77.1	94.4	90.7	92.1
Cash and equivalents	55.0	178	113	150	163
<b>Balance sheet total</b>	<b>836</b>	<b>1046</b>	<b>992</b>	<b>1014</b>	<b>1029</b>

Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
<b>Equity</b>	<b>517</b>	<b>391</b>	<b>409</b>	<b>441</b>	<b>477</b>
Share capital	0.0	3.1	3.1	3.1	3.1
Retained earnings	25.1	6.6	24.9	56.9	92.8
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	490	381	381	381	381
Minorities	1.8	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>70.7</b>	<b>351</b>	<b>335</b>	<b>315</b>	<b>295</b>
Deferred tax liabilities	3.9	2.6	2.6	2.6	2.6
Provisions	7.3	7.6	7.6	7.6	7.6
Long term debt	29.7	316	300	280	260
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	29.8	24.7	24.7	24.7	24.7
<b>Current liabilities</b>	<b>248</b>	<b>304</b>	<b>248</b>	<b>258</b>	<b>257</b>
Short term debt	100	101	10.0	30.0	30.0
Payables	142	192	226	213	212
Other current liabilities	6.1	11.7	11.7	15.0	15.0
<b>Balance sheet total</b>	<b>836</b>	<b>1046</b>	<b>992</b>	<b>1014</b>	<b>1029</b>

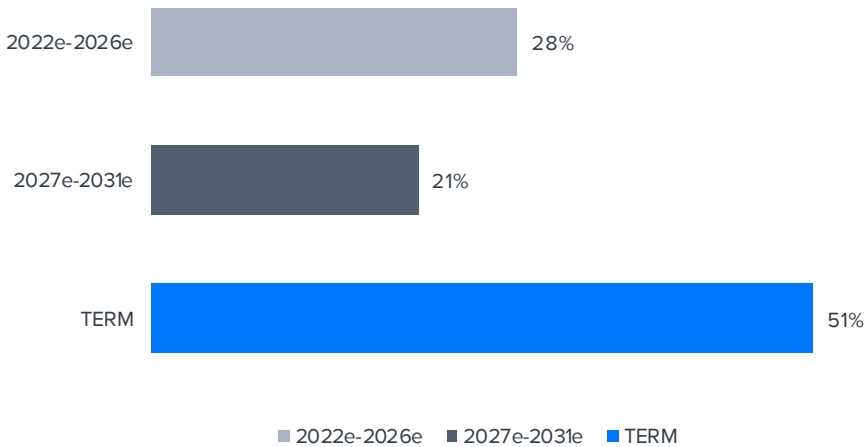
# DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
EBIT (operating profit)	3.5	58.3	73.7	78.7	85.2	81.2	83.7	87.8	90.7	92.5	94.3	
+ Depreciation	30.2	32.3	30.6	30.9	31.1	31.2	31.3	31.4	31.5	31.5	31.5	
- Paid taxes	-16.0	-7.3	-13.7	-13.6	-17.1	-16.3	-17.0	-18.0	-18.6	-19.1	-19.5	
- Tax, financial expenses	-1.7	-3.4	-2.7	-2.5	-2.5	-2.3	-2.2	-2.2	-2.2	-2.2	-2.2	
+ 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	-25.2	15.9	4.4	-5.0	-10.8	-1.5	-1.3	-1.1	-0.9	-1.0	-1.0	
Operating cash flow	-9.3	95.8	92.3	88.5	85.8	92.2	94.4	97.9	100	102	103	
+ Change in other long-term liabilities	-4.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-35.4	-31.0	-31.2	-31.2	-31.2	-31.2	-31.2	-31.2	-31.2	-31.2	-34.2	
Free operating cash flow	-49.5	64.8	61.1	57.3	54.6	61.0	63.2	66.7	69.1	70.5	68.9	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-49.5	64.8	61.1	57.3	54.6	61.0	63.2	66.7	69.1	70.5	68.9	1000
Discounted FCFF		62.7	54.2	46.6	40.7	41.8	39.7	38.4	36.5	34.2	30.6	444
Sum of FCFF present value		870	807	753	706	665	624	584	546	509	475	444
Enterprise value DCF		870										
- Interesting bearing debt		-417.0										
+ Cash and cash equivalents		178										
-Minorities		0.0										
-Dividend/capital return		-14.6										
Equity value DCF		616										
Equity value DCF per share		15.0										

Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	35.0 %
Cost of debt	3.0 %
Equity Beta	1.60
Market risk premium	4.75%
Liquidity premium	3.00%
Risk free interest rate	2.0 %
Cost of equity	12.6 %
Weighted average cost of capital (WACC)	9.0 %

Source: Inderes

Cash flow distribution



# Summary

Income statement	2022e	2023e	Per share data	2022e	2023e
Revenue	943.5	907.3	EPS (reported)	0.80	1.15
EBITDA	90.6	104.3	EPS (adj.)	1.07	1.15
EBIT	58.3	73.7	OCF / share	2.33	2.25
PTP	46.7	62.9	FCF / share	1.58	1.49
Net Income	32.9	47.2	Book value / share	9.96	10.74
Extraordinary items	-11.1	0.0	Dividend / share	0.37	0.40
Balance sheet	2022e	2023e	Growth and profitability	2022e	2023e
Balance sheet total	991.9	1014.0	Revenue growth-%	12%	-4%
Equity capital	408.9	440.9	EBITDA growth-%	169%	15%
Goodwill	369.2	369.2	EBIT (adj.) growth-%	-6%	6%
Net debt	197.4	159.6	EPS (adj.) growth-%	-40%	7%
Cash flow	2022e	2023e	EBITDA-%	9.6 %	11.5 %
EBITDA	90.6	104.3	EBIT (adj.)-%	7.4 %	8.1 %
Change in working capital	15.9	4.4	EBIT-%	6.2 %	8.1 %
Operating cash flow	95.8	92.3	ROE-%	8.2 %	11.1 %
CAPEX	-31.0	-31.2	ROI-%	7.6 %	10.0 %
Free cash flow	64.8	61.1	Equity ratio	41.2 %	43.5 %
			Gearing	48.3 %	36.2 %
Valuation multiples	2022e	2023e			
EV/S	0.7	0.7			
EV/EBITDA (adj.)	7.2	5.9			
EV/EBIT (adj.)	9.3	8.3			
P/E (adj.)	10.3	9.6			
P/B	1.1	1.0			
Dividend-%	3.4 %	3.6 %			

Source: Inderes

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

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## Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
1/5/2022	Accumulate	16.00 €	14.80 €
3/4/2022	Accumulate	12.50 €	10.90 €
4/13/2022	Accumulate	13.00 €	12.00 €
5/13/2022	Buy	13.00 €	10.35 €
8/12/2022	Buy	13.00 €	11.00 €



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