

Revenio Group

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Kasvu hidastuu" published on 10/28/2022 at 07:45 am.

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Growth is slowing down

We reiterate our Reduce recommendation for Revenio and revise our target price to EUR 40.0 (was EUR 52.0). The company's Q3 performance was excellent, but due to exchange rate conditions the operational growth of the business was well below our expectations. Indeed, growth seems to be returning to "normal", possibly at around 15%, which had a clear negative impact on our earnings estimates. After a drop of around 10% in earnings estimates and a further increase in the returned return caused by interest rates, the valuation (2023e P/E 41x and EV/EBIT 31x) still looks challenging.

Excellent Q3 result, but our expectations were too high

Revenio's net sales in Q3 were EUR 24.1 million, representing an excellent growth of 24.6%. Exchange rate changes (EUR/USD) continued to have an exceptionally large positive impact on growth, with the exchange rate adjusted growth rate being "only" 12.2%. We were expecting around 18% growth as in Q2, so our expectations were too high. Q3 operating profit was EUR 7.7 million, and the operating margin was at an excellent level of 31.7% (Q2'21: 30.6%). At the gross margin level, profitability was excellent (73.5%), but other costs had increased more than we expected. The world and trade fairs have opened up, and there are costs involved. Ultimately, earnings per share were EUR 0.226, compared to our estimate of EUR 0.25 and the consensus of EUR 0.23. Cash flow was strong, and the balance sheet is in very good shape.

Growth normalizing to lower levels

Revenio's guidance was unchanged, i.e., the company expects its currency-adjusted net sales to grow strongly and profitability to be at a good level excluding one-off items. Demand remained high in all product areas, but management comments on market developments had become significantly more cautious. After a few years of very strong growth, Revenio's net sales growth seems to slow to around 15% in the coming years. Future growth drivers (such as HOME2, Oculo and ILLUME) are still too small to fully compensate for the slowdown in growth of the main products but provide important support. The decline in growth forecasts was strongly reflected in our earnings estimates for the coming years, especially as cost inflation remains high and growth investments continue. Our earnings estimates for 2023-2024 were lowered by around 12-14%, while we also lowered our longer-term growth expectations. As an interesting addition, the company talked about potential M&A in such a tone that we wouldn't be surprised to hear of an acquisition that would expand the company's product portfolio in the next six months. A logical direction would be the acquisition of optical coherence tomography (OCT) technology in imaging devices.

Declining growth and interest rates weigh on acceptable valuations

Revenio's generally very convincing growth story took a slight hit in Q3 as the outlook weakened, but the company's core continues to perform excellently, and the company is creating new opportunities in a strategically sound way. The pricing environment for growth companies fluctuates with interest rates, and the latest move in them is strongly upwards. While at the same time our earnings estimates fell significantly, Revenio's valuation multiples are still high (2023e adj. P/E 41x and EV/EBIT 31x), although in a year's time the company will already be priced at the most reasonable multiples of 2024 (adj. P/E 34x and EV/EBIT 25x). While it's a pleasure to hold a value-creating stock like Revenio in the long term, the high valuation, the current market environment and the weakening growth outlook are not an attractive combination. For example, an excellent new acquisition could well turn the equation on its head, but this option can't be counted on.

Recommendation

Reduce

(previous Reduce)

EUR 40.00

(previous EUR 52.00)

Share price:

39.48



Key figures

	2021	2022e	2023e	2024e
Revenue	79	97	112	131
growth-%	29%	23%	16%	17%
EBIT adj.	24.5	29.8	33.6	40.4
EBIT-% adj.	31.1 %	30.8 %	30.0 %	31.0 %
Net Income	17.3	22.5	24.7	29.6
EPS (adj.)	0.74	0.89	0.97	1.17
P/E (adj.)	75.1	44.4	40.6	33.8
P/B	18.9	11.5	10.1	8.8
Dividend yield-%	0.6 %	1.2 %	1.3 %	1.5 %
EV/EBIT (adj.)	60.4	35.1	30.7	25.0
EV/EBITDA	57.7	32.6	28.4	23.7
EV/S	18.8	10.8	9.2	7.8

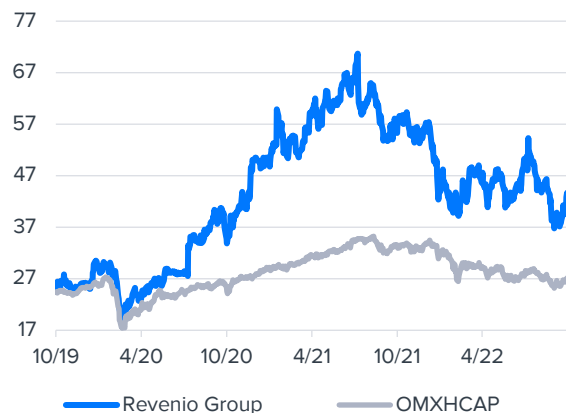
Source: Inderes

Guidance

(Unchanged)

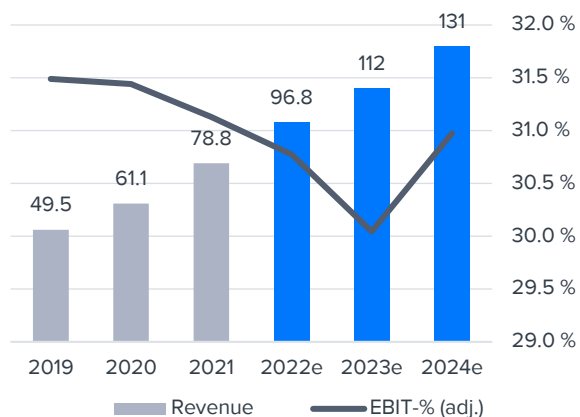
Revenio Group's exchange rate-adjusted net sales are estimated to grow strongly from the previous year and profitability is to remain at a good level without non-recurring items.

Share price



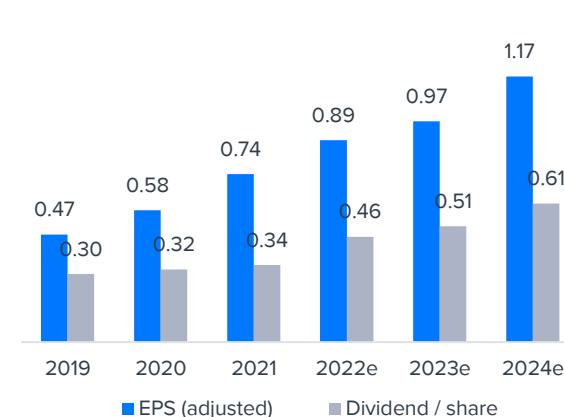
Source: Millstream Market Data AB

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Long-term growth outlook is strong
- Generally, quite good predictability of the result and cash flow
- Strong competitive protection and growth drivers give support
- Attractive long-term growth potential in new products
- Excellent track record of value creation
- Potential acquisitions



Risk factors

- Weakening of iCare's patent protection after 2023
- Speed and success of the HOME product's ramp-up
- Success in strong growth of imaging devices
- Success of growth investments (new products)
- Extremely high valuation level of the share is a significant risk for investors
- Cost inflation and possible further deterioration of component shortage

Valuation	2022e	2023e	2024e
Share price	39.5	39.5	39.5
Number of shares, millions	26.7	26.7	26.7
Market cap	1053	1053	1053
EV	1044	1032	1013
P/E (adj.)	44.4	40.6	33.8
P/E	46.8	42.6	35.6
P/FCF	57.9	41.8	31.4
P/B	11.5	10.1	8.8
P/S	10.9	9.4	8.1
EV/Sales	10.8	9.2	7.8
EV/EBITDA	32.6	28.4	23.7
EV/EBIT (adj.)	35.1	30.7	25.0
Payout ratio (%)	55.0 %	55.0 %	55.0 %
Dividend yield-%	1.2 %	1.3 %	1.5 %

Source: Inderes

Our expectations were too high

Growth in net sales slowed down under exchange rates

Revenio's net sales in Q3 were EUR 24.1 million, representing an excellent growth of 24.6% year-on-year. Our estimate was EUR 25.3 million, so we missed this quite clearly. Exchange rate changes continued to have an exceptionally positive impact thanks to the favorable development of the EUR/USD exchange rate. Adjusted for exchange rate effects, growth was "only" 12.2%. This better reflects the actual business growth, and relative to our estimate, the disappointment came here: we expected growth of around 18% as in Q2, but the pace slowed significantly. Without the impact of price increases, growth would still have been much slower, but this is normal in the current environment.

Slightly less than half of Revenio's net sales come from the US, which is why the EUR/USD ratio has a strong impact on the reported figures. In Q3, the exchange rate changes brought about EUR 2.3 million more revenue, of which about 50-60% flows into the operating profit line when we eliminate Revenio's costs in dollars. While the weakening of the euro is a clear tailwind to Revenio's figures and is not sustainable, this is real cash flow that is also

visible in the company's bank account. The concern is therefore more about future developments.

Familiar growth drivers and opportunities

According to Revenio, demand for both product groups continued to be strong. According to the company, sales of DRS+, the Eidon product family and tonometers in particular have developed very well. We estimate that both businesses grew well, but the strongest growth was again in imaging devices.

On a positive note, Revenio reported good feedback on HOME2 products and said it had found a business model that worked (including the option to rent equipment). The iCare ILLUME screening solution has also attracted a lot of interest, according to the company, and this will be a key driver for equipment sales next year. It's therefore important that Revenio receives support from these "new" areas, as otherwise growth could stagnate more severely.

Excellent result, but we expected even more

Revenio's Q3 operating profit was EUR 7.7 million, and the operating margin was at an excellent level of 31.7% (Q2'21: 30.6%). However, this was slightly below our forecast (33.5%), which was strongly

supported by dollar-based expectations. At the gross margin level, profitability was excellent (73.5%), but other costs had increased more than we expected. This is probably linked to the fact that the world and trade fairs have opened up, and there are costs involved.

Revenio reported that the component situation was still tight and continues to be so, but this hasn't affected the company's delivery ability. Product development expenses in Q3 amounted to EUR 2.2 million (Q3'21: 1.6 MEUR), and R&D expenditure was only 9.0% of the strongly grown net sales. In any case, there has been a clear increase in investment. Earnings per share were EUR 0.226, compared to our estimate of EUR 0.25 and the consensus of EUR 0.23.

Cash flow is good, the balance sheet is very strong

In Q3, Revenio's operational cash flow was strong at EUR 7.1 million (Q3'21 5.8 MEUR). Revenio's balance sheet is in excellent shape after a strong year of results: gearing had turned negative again at -1.1% and the equity ratio was a high 67.4% which is high for the company. The balance sheet therefore has a very comfortable buffer.

Estimates MEUR / EUR	Q3'21	Q3'22	Q3'22e	Q3'22e	Consensus		Difference (%)	2022e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	19.4	24.1	25.3	24.5	23.7	25.3	-5%	96.8
EBIT	5.9	7.7	8.5	7.9	7.4	8.5	-10%	28.6
EPS (reported)	0.18	0.23	0.25	0.23	0.21	0.26	-9%	0.92
Revenue growth-%	23.2 %	24.1 %	30.3 %	26.2 %	22.0 %	30.2 %	-6.1 pp	22.8 %
EBIT-%	30.6 %	31.7 %	33.5 %	32.3 %	31.2 %	33.6 %	-1.7 pp	29.5 %

Source: Inderes & Bloomberg 19.10.2022 (consensus)

Growth normalizing to lower levels

Guidance unchanged, but pressure on estimates

Revenio's guidance was unchanged, i.e., the company expects its currency-adjusted net sales to grow strongly year-on-year and profitability to be at a good level excluding one-off items. It's important to note that the growth guidance is currency-adjusted, otherwise growth would likely be "very strong" (a similar change was seen in summer 2021). In terms of profitability, a "good level" will certainly be achieved, but our previous estimates already expected a "very good" level (an operating profit of over 30%). However, the guiding effect of the guidance is limited because the thresholds are uncertain.

Our 2022 earnings estimates were lowered by around 8% due to the Q3 earnings disappointment and lower Q4 growth estimates. The change was reinforced by the fact that EUR/USD has turned slightly into a headwind, which reduces the currency benefit for Q4 (assuming it stays in parity). Forecasting Q4 is particularly challenging because Revenio's products are usually sold in very high volumes at the very end of the year, especially in the US. This is partly due to the country's tax systems,

which tend to encourage year-end investment. However, there is no visibility for this "Christmas sale".

Reduced visibility to demand development

Demand has so far been strong in all the company's main markets, but the outlook has become weaker than before, or at least significantly more uncertain. Although the industry is defensive and long-term drivers are solid, Revenio isn't immune to economic volatility and larger equipment is already fall into the investment category. The company has no material order book and no significant recurring revenue (except for sensors), so any weakening of demand could be quickly reflected in net sales. In our view, the company's comments were significantly more cautious than in the past, especially on the main products.

Growth normalizing to lower levels

After a few years of very strong growth, Revenio's net sales growth seems to slow to around 15% in the coming years. Future growth drivers (such as HOME2, Oculo and ILLUME) are still too small to fully compensate for the slowdown in growth of the main

products but provide important support. The decline in growth forecasts was strongly reflected in our earnings estimates for the coming years, especially as cost inflation remains high and growth investments continue. Our earnings estimates for 2023-2024 were lowered by around 12-14%, while we also lowered our longer-term growth expectations.

M&A on the horizon?

Revenio has been talking about acquisitions (e.g. in imaging or OCT) and we believe the company would now be well placed to make an acquisition to expand its product portfolio. The balance sheet is strong and the existing entity is already on track. The company will also need a new growth driver in the coming years if and when it wants to continue its strong growth well into the future. The company said on a conference call that it was working on acquisitions, but that there would be no acquisitions "this year". However, this comment suggests that an acquisition may be on the horizon in the relatively short term.

Estimate revisions	2022e	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
	Old	New		Old	New		Old	New	
MEUR / EUR			%			%			%
Revenue	99.9	96.8	-3%	116	112	-4%	140	131	-7%
EBITDA	34.5	32.0	-7%	40.2	36.3	-10%	48.8	42.7	-13%
EBIT (exc. NRIs)	32.5	29.8	-8%	38.4	33.6	-12%	46.7	40.4	-13%
EBIT	31.3	28.6	-9%	37.1	32.4	-12%	45.1	38.8	-14%
PTP	31.4	28.7	-9%	36.4	31.7	-13%	44.2	37.9	-14%
EPS (excl. NRIs)	0.97	0.89	-8%	1.11	0.97	-12%	1.35	1.17	-13%
DPS	0.51	0.46	-8%	0.58	0.51	-13%	0.71	0.61	-14%

Source: Inderes

Weakening growth and interest rates hurting

The pricing environment is constantly changing

The valuation levels of Revenio and other highly valued growth companies have been under heavy pressure as the rise in interest rates is reflected in investors' required returns. The situation seemed to have eased in the previous update, but interest rates soon started to rise again. Revenio's share price has fallen by more than 20% since the last update. This has also been partly driven by a slight weakening of the outlook, but in our view, this has not yet been fully priced into the stock.

Revenio has an excellent track-record, strong structural long-term growth drivers, deep moats (patents, brand, slow-moving industry and high entry threshold). The risk level of the business is moderate due to the defensiveness of the industry and strong competitive advantages. While its a pleasure to hold a quality stock like Revenio in the long term, the high valuation, the current market environment and the weakening growth outlook are not an attractive combination. For example, an excellent new acquisition could well turn the equation on its head, but this option can't be counted on.

Valuation still high

Revenio's valuation remains high by any measure, but for a Nasdaq Helsinki superstar and a strong value-creator this is expected. With next year's estimates, the key multiples (2023e adj. P/E 42x and EV/EBIT 32x) have declined, but as growth and hence earnings growth slows, the multiples remain challenging to say the least. The 2024 multiples (adj. P/E 35x and EV/EBIT 26x) at which the stock will be priced in a year's time are not yet really low. With overall equity valuations currently at a moderate level, Revenio's

multiples are quite hard to swallow. The situation would be particularly problematic if there were a temporary sharp slowdown in growth and the pricing were reconsidered.

Weakening profit growth outlook undermines expected return

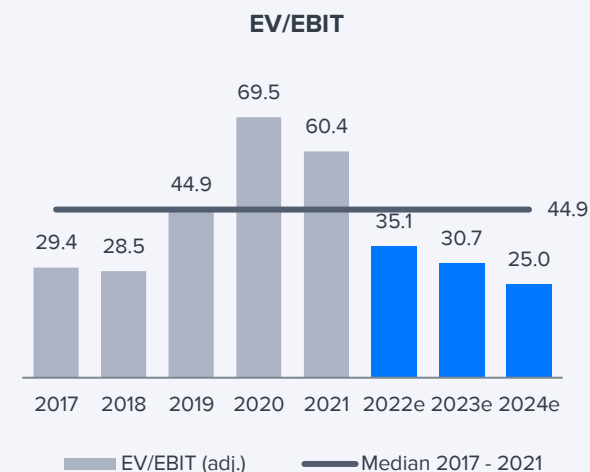
In the long term, Revenio's valuation can be justified, but this requires strong and sustainable earnings growth. Following the revisions, we have also lowered our longer-term earnings growth estimates, and now expect earnings per share to grow by around 15-17% between 2022 and 2025e (previously CAGR of around 20%). In this respect, the valuation hasn't really become more attractive, but expectations are now lower and also exceedable. However, investors bear risk related to strong earnings growth estimates and high valuation multiples in an exceptionally uncertain market situation. It is difficult to estimate the rate of earnings growth in Revenio, although the direction is clear.

DCF speaks volumes of the expected return

Our DCF calculation indicates Revenio a share value of just over EUR 40 after we have made estimate changes and raised the weighted average cost of capital (WACC) to 7.2% (was 6.7%). The DCF value is driven especially by high assumptions of long-term growth and profitability and even if the confidence in these is relatively good for Revenio there is naturally a lot of uncertainty related to the estimates reaching past 10 years. The weight of the terminal period (72%) remains high and emphasizes the high expectations still loaded into the share in the long term. At the current valuation level investors must, however, accept a moderate expected return.

Valuation	2022e	2023e	2024e
Share price	39.5	39.5	39.5
Number of shares, millions	26.7	26.7	26.7
Market cap	1053	1053	1053
EV	1044	1032	1013
P/E (adj.)	44.4	40.6	33.8
P/E	46.8	42.6	35.6
P/FCF	57.9	41.8	31.4
P/B	11.5	10.1	8.8
P/S	10.9	9.4	8.1
EV/Sales	10.8	9.2	7.8
EV/EBITDA	32.6	28.4	23.7
EV/EBIT (adj.)	35.1	30.7	25.0
Payout ratio (%)	55.0 %	55.0 %	55.0 %
Dividend yield-%	1.2 %	1.3 %	1.5 %

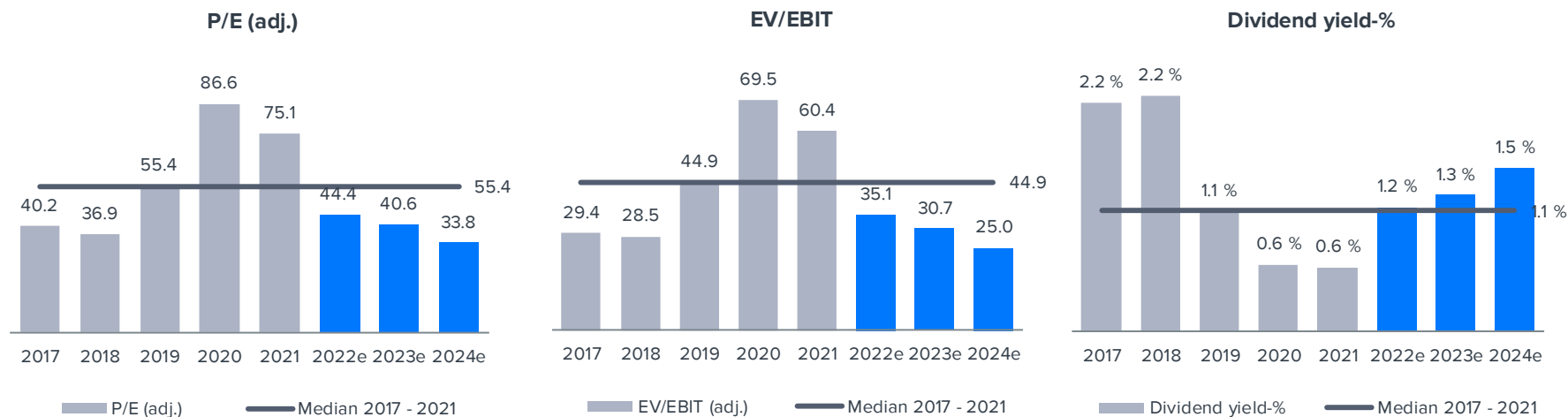
Source: Inderes



Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	12.0	12.6	26.3	50.3	55.6	39.5	39.5	39.5	39.5
Number of shares, millions	23.9	23.9	26.0	26.6	26.7	26.7	26.7	26.7	26.7
Market cap	287	301	697	1337	1482	1053	1053	1053	1053
EV	279	290	700	1335	1482	1044	1032	1013	992
P/E (adj.)	40.2	36.9	55.4	86.6	75.1	44.4	40.6	33.8	28.4
P/E	42.0	36.9	73.0	>100	85.7	46.8	42.6	35.6	29.5
P/FCF	39.8	36.0	neg.	>100	>100	57.9	41.8	31.4	28.3
P/B	18.0	16.6	10.8	19.2	18.9	11.5	10.1	8.8	7.5
P/S	10.7	9.8	14.1	21.9	18.8	10.9	9.4	8.1	6.9
EV/Sales	10.4	9.5	14.1	21.9	18.8	10.8	9.2	7.8	6.5
EV/EBITDA	27.9	27.1	47.9	61.5	57.7	32.6	28.4	23.7	19.6
EV/EBIT (adj.)	29.4	28.5	44.9	69.5	60.4	35.1	30.7	25.0	20.6
Payout ratio (%)	90.9 %	82.3 %	85.1 %	63.7 %	52.4 %	55.0 %	55.0 %	55.0 %	60.0 %
Dividend yield-%	2.2 %	2.2 %	1.1 %	0.6 %	0.6 %	1.2 %	1.3 %	1.5 %	2.0 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%	
Company	MEUR	MEUR	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e
Revenio Group	1166	1172	39.2	32.8	35.2	29.9	12.0	10.5	48.7	41.6	1.0	1.2
Cooper Companies	13469	16091	20.3	18.9	16.6	15.8	4.9	4.7	21.4	20.9	0.0	0.0
Ametek	28271	30414	20.8	19.4	17.2	16.1	5.1	4.8	22.5	21.2	0.7	0.9
Halma	9671	9988	27.5	24.2	23.3	20.5	5.8	5.0	34.4	30.3	0.9	0.9
Topcon	1175	1374			9157.9	6868.4	1237.6	1040.7	22.5	13.5	1.3	2.5
Medtronic	112922	127352	14.1	15.1	12.7	13.3	4.0	4.1	15.1	15.4	2.9	3.1
EssilorLuxotica SA	74293	85460	21.0	19.9	14.2	13.1	3.5	3.4	25.8	24.0	2.0	2.0
Carl Zeiss Meditec	11037	11366	29.5	26.6	25.3	22.9	6.2	5.7	42.5	37.7	0.8	0.9
Ambu	2974	3165	246.5	79.9	73.3	39.6	5.3	4.8	195.1	101.8	0.3	0.3
Demand	6694	8328	17.3	15.7	13.2	12.0	3.1	2.9	19.2	16.6		
Optomed (Inderes)	35	37					2.4	2.0				
Revenio Group (Inderes)	1053	1044	35.1	30.7	32.6	28.4	10.8	9.2	44.4	40.6	1.2	1.3
Average			48.5	28.0	938.9	705.2	117.3	98.9	44.7	32.3	1.1	1.3
Median			21.0	19.9	20.2	18.3	5.1	4.8	24.2	22.6	0.9	0.9
Diff-% to median			67%	54%	61%	55%	114%	92%	84%	80%	34%	37%

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

Income statement

Income statement	2019	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22	Q3'22	Q4'22e	2022e	2023e	2024e	2025e
Revenue	49.5	61.1	16.7	18.9	19.4	23.8	78.8	20.2	24.4	24.1	28.1	96.8	112	131	153
Tonometers (estimate)	34.5	41.8	11.8	13.0	10.8	13.7	49.2	13.2	16.9	13.0	15.8	58.8	65.4	75.9	91.1
Imaging devices (estimate)	14.8	19.1	4.9	5.5	8.2	9.7	28.3	6.6	6.9	10.7	11.6	35.7	42.8	49.2	55.1
Oculo (estimate)	0.0	0.0	0.0	0.3	0.3	0.3	0.9	0.4	0.6	0.5	0.7	2.2	3.8	5.5	7.0
Other products (estimate)	0.1	0.2	0.1	0.1	0.2	0.1	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	14.6	21.7	5.3	5.1	6.8	8.6	25.7	6.4	8.0	8.5	9.1	32.0	36.3	42.7	50.6
Depreciation	-2.0	-4.6	-0.7	-0.7	-0.8	-1.4	-3.6	-0.8	-0.9	-0.9	-0.9	-3.4	-3.9	-3.8	-3.8
EBIT (excl. NRI)	15.6	19.2	5.5	4.7	6.2	8.1	24.5	5.9	7.4	8.0	8.5	29.8	33.6	40.4	48.2
EBIT	12.6	17.1	4.6	4.4	5.9	7.2	22.1	5.6	7.1	7.7	8.2	28.6	32.4	38.8	46.8
Net financial items	-0.3	-0.4	0.1	-0.1	0.0	0.0	0.0	0.3	-0.1	-0.1	-0.1	0.1	-0.7	-0.9	-1.1
PTP	12.3	16.7	4.7	4.3	5.9	7.2	22.1	5.8	7.1	7.6	8.2	28.7	31.7	37.9	45.8
Taxes	-2.9	-3.4	-1.0	-0.9	-1.2	-1.8	-4.8	-1.2	-1.7	-1.5	-1.7	-6.2	-7.0	-8.3	-10.1
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	9.4	13.3	3.7	3.4	4.7	5.4	17.3	4.6	5.4	6.1	6.5	22.5	24.7	29.6	35.7
EPS (adj.)	0.47	0.58	0.17	0.14	0.19	0.24	0.74	0.18	0.21	0.24	0.25	0.89	0.97	1.17	1.39
EPS (rep.)	0.36	0.50	0.14	0.13	0.18	0.20	0.65	0.17	0.20	0.23	0.24	0.84	0.93	1.11	1.34

Key figures	2019	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22	Q3'22	Q4'22e	2022e	2023e	2024e	2025e
Revenue growth-%	61.4 %	23.4 %	40.8 %	37.9 %	23.2 %	20.6 %	29.1 %	20.6 %	29.5 %	24.1 %	18.0 %	22.8 %	15.7 %	16.6 %	17.3 %
Adjusted EBIT growth-%		23.2 %	102.2 %	26.1 %	7.6 %	16.4 %	27.8 %	6.6 %	57.6 %	27.5 %	5.7 %	21.4 %	13.0 %	20.2 %	19.3 %
EBITDA-%	29.5 %	35.5 %	31.5 %	27.0 %	34.9 %	36.0 %	32.6 %	31.7 %	32.7 %	35.4 %	32.5 %	33.1 %	32.4 %	32.7 %	33.0 %
Adjusted EBIT-%	31.5 %	31.4 %	32.9 %	25.0 %	32.1 %	34.0 %	31.1 %	29.0 %	30.4 %	33.0 %	30.4 %	30.8 %	30.0 %	31.0 %	31.5 %
Net earnings-%	18.9 %	21.9 %	22.1 %	18.3 %	24.3 %	22.8 %	22.0 %	22.6 %	22.2 %	25.2 %	23.1 %	23.3 %	22.1 %	22.7 %	23.3 %

Source: Inderes

Balance sheet

Assets	2020	2021	2022e	2023e	2024e
Non-current assets	58.3	69.8	72.0	73.0	73.6
Goodwill	50.4	59.8	59.8	59.8	59.8
Intangible assets	3.9	4.2	6.1	6.7	6.7
Tangible assets	2.0	2.6	2.9	3.4	3.9
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	1.0	1.9	1.9	1.9	1.9
Deferred tax assets	1.0	1.3	1.3	1.3	1.3
Current assets	43.1	40.8	48.5	64.1	84.9
Inventories	4.9	6.4	7.7	9.0	9.1
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	9.3	9.2	13.5	15.7	17.0
Cash and equivalents	28.9	25.2	27.2	39.5	58.7
Balance sheet total	114	125	133	149	168

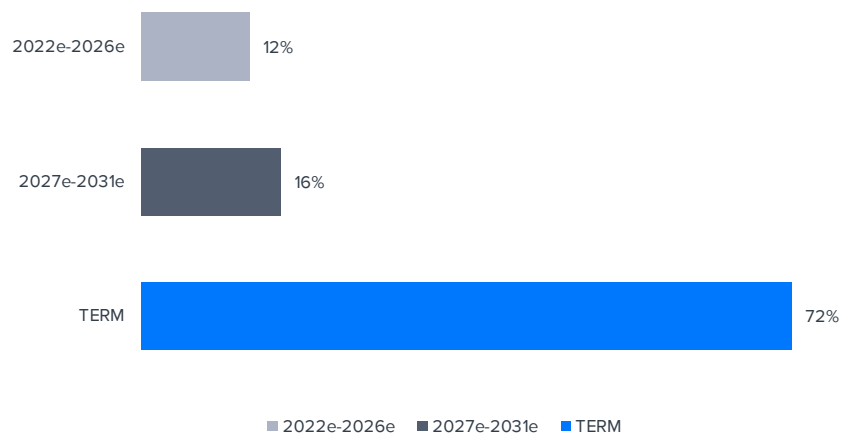
Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
Equity	69.7	78.4	91.9	104	120
Share capital	5.3	5.3	5.3	5.3	5.3
Retained earnings	14.0	22.1	35.6	47.9	63.9
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	50.4	51.0	51.0	51.0	51.0
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	27.0	5.8	19.1	19.1	19.1
Deferred tax liabilities	3.9	3.6	3.6	3.6	3.6
Provisions	0.3	0.5	0.5	0.5	0.5
Long term debt	22.4	1.7	15.0	15.0	15.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.4	0.0	0.0	0.0	0.0
Current liabilities	17.7	40.4	22.4	25.4	29.1
Short term debt	4.6	23.5	3.0	3.0	3.0
Payables	13.1	16.9	19.4	22.4	26.1
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	114	125	133	149	168

DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
Revenue growth-%	29.1%	22.8%	15.7%	16.6%	17.3%	16.0%	14.0%	11.0%	8.0%	5.0%	3.0%	3.0%
EBIT-%	28.0%	29.5%	29.0%	29.7%	30.6%	31.0%	31.0%	30.0%	30.0%	30.0%	30.0%	30.0%
EBIT (operating profit)	22.1	28.6	32.4	38.8	46.8	55.1	62.8	67.5	72.8	76.5	78.8	
+ Depreciation	3.6	3.4	3.9	3.8	3.8	3.8	4.2	4.5	4.6	4.7	4.8	
- Paid taxes	-5.4	-6.2	-7.0	-8.3	-10.1	-11.9	-13.6	-14.6	-15.8	-16.6	-17.1	
- Tax, financial expenses	0.0	0.0	-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	2.4	-3.2	-0.3	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	22.7	22.6	28.9	36.4	40.3	46.8	53.2	57.1	61.5	64.3	66.2	
+ Change in other long-term liabilities	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-15.8	-4.5	-3.7	-2.8	-3.0	-5.6	-5.2	-4.3	-4.0	-4.9	-4.7	
Free operating cash flow	6.7	18.2	25.2	33.6	37.3	41.2	48.0	52.8	57.5	59.5	61.5	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	6.7	18.2	25.2	33.6	37.3	41.2	48.0	52.8	57.5	59.5	61.5	1490
Discounted FCFF		18.0	23.2	28.8	29.8	30.8	33.4	34.3	34.8	33.6	32.3	784
Sum of FCFF present value		1083	1065	1042	1013	983	952	919	885	850	816	784
Enterprise value DCF		1083										
- Interesting bearing debt		-25.2										
+ Cash and cash equivalents		25.2										
-Minorities		0.0										
-Dividend/capital return		-9.1										
Equity value DCF		1074										
Equity value DCF per share		40.3										

Cash flow distribution



Wacc

Tax-% (WACC)	20.0%
Target debt ratio (D/(D+E))	0.0%
Cost of debt	3.0%
Equity Beta	1.00
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5%
Cost of equity	7.3%
Weighted average cost of capital (WACC)	7.3%

Source: Inderes

Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	49.5	61.1	78.8	96.8	112.0	EPS (reported)	0.36	0.50	0.65	0.84	0.93
EBITDA	14.6	21.7	25.7	32.0	36.3	EPS (adj.)	0.47	0.58	0.74	0.89	0.97
EBIT	12.6	17.1	22.1	28.6	32.4	OCF / share	0.67	0.59	0.85	0.85	1.08
PTP	12.3	16.7	22.1	28.7	31.7	FCF / share	-0.33	0.50	0.25	0.68	0.94
Net Income	9.4	13.3	17.3	22.5	24.7	Book value / share	2.47	2.62	2.94	3.44	3.91
Extraordinary items	-3.0	-2.1	-2.4	-1.2	-1.2	Dividend / share	0.30	0.32	0.34	0.46	0.51
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	109.8	114.4	124.6	133.3	148.7	Revenue growth-%	61%	23%	29%	23%	16%
Equity capital	64.3	69.7	78.4	91.9	104.2	EBITDA growth-%	36%	49%	18%	25%	13%
Goodwill	50.4	50.4	59.8	59.8	59.8	EBIT (adj.) growth-%	53%	23%	28%	21%	13%
Net debt	3.0	-1.9	0.0	-9.2	-21.5	EPS (adj.) growth-%	39%	23%	27%	20%	9%
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	29.5 %	35.5 %	32.6 %	33.1 %	32.4 %
EBITDA	14.6	21.7	25.7	32.0	36.3	EBIT (adj.)-%	31.5 %	31.4 %	31.1 %	30.8 %	30.0 %
Change in working capital	2.3	-2.1	2.4	-3.2	-0.3	EBIT-%	25.5 %	28.0 %	28.0 %	29.5 %	29.0 %
Operating cash flow	17.5	15.8	22.7	22.6	28.9	ROE-%	22.7 %	19.9 %	23.4 %	26.5 %	25.2 %
CAPEX	-68.0	-2.5	-15.8	-4.5	-3.7	ROI-%	22.4 %	17.9 %	22.1 %	26.8 %	28.0 %
Free cash flow	-8.5	13.2	6.7	18.2	25.2	Equity ratio	58.6 %	60.9 %	63.0 %	68.9 %	70.1 %
						Gearing	4.7 %	-2.7 %	0.0 %	-10.0 %	-20.6 %
Valuation multiples	2019	2020	2021	2022e	2023e						
EV/S	14.1	21.9	18.8	10.8	9.2						
EV/EBITDA (adj.)	47.9	61.5	57.7	32.6	28.4						
EV/EBIT (adj.)	44.9	69.5	60.4	35.1	30.7						
P/E (adj.)	55.4	86.6	75.1	44.4	40.6						
P/E	10.8	19.2	18.9	11.5	10.1						
Dividend-%	1.1 %	0.6 %	0.6 %	1.2 %	1.3 %						

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
10/26/2018	Accumulate	14.50 €	13.76 €
2/15/2019	Accumulate	16.50 €	15.46 €
4/16/2019	Accumulate	21.00 €	18.80 €
4/26/2019	Accumulate	21.00 €	19.10 €
8/16/2019	Accumulate	21.00 €	19.40 €
10/2/2019	Accumulate	21.00 €	19.22 €
10/25/2019	Accumulate	24.50 €	23.20 €
11/26/2019	Reduce	24.50 €	25.55 €
2/21/2020	Accumulate	31.00 €	28.85 €
3/19/2020	Buy	24.00 €	18.48 €
4/23/2020	Accumulate	25.00 €	22.75 €
8/7/2020	Reduce	34.00 €	33.50 €
10/23/2020	Reduce	36.00 €	38.05 €
12/21/2020	Reduce	44.00 €	48.65 €
2/12/2021	Accumulate	60.00 €	53.00 €
4/26/2021	Accumulate	65.00 €	59.20 €
<i>Analyst changed</i>			
6/9/2021	Accumulate	65.00 €	59.50 €
8/6/2021	Reduce	65.00 €	64.80 €
10/22/2021	Accumulate	58.00 €	55.40 €
2/11/2022	Accumulate	48.00 €	44.30 €
4/7/2022	Reduce	48.00 €	47.96 €
4/29/2022	Reduce	48.00 €	47.58 €
8/5/2022	Reduce	52.00 €	54.30 €
10/28/2022	Reduce	40.00 €	39.48 €



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