

Koskisen

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Matala arvostus vaimentaa yksittäiset pettymykset" published on 11/20/2023 at 8:36 am EET

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Low valuation dampens individual disappointments

We reiterate our Accumulate recommendation for Koskisen and lower our target price to EUR 7.00 (was EUR 7.50). Koskinen's Q3 report was weaker than we expected in terms of earnings. Some of this, however, is due to the maintenance shutdowns in July that were clearly longer than we expected, although the market situation has not recently developed positively either. In the current situation, the share cannot be priced at particularly high multiples, but Koskisen's valuation is very moderate, especially on EV basis despite the short-term estimate cuts. Thus, we find the risk/return ratio of the share to still be attractive.

Performance stalled dramatically in the quarter colored by extensive production shutdowns in July

In Q3, Koskisen's EUR 5 million revenue generated an adjusted EBITDA of EUR 1.4 million. The operating result fell as expected from the strong comparison period, but the figures were still significantly lower than our forecasts. The figures of the Panel Industry that has been responsible for earnings in recent quarters were below our expectations. Relative to our forecasts, earnings were depressed by the volumes burdened by the extensive maintenance shutdowns in July and the higher cost level than we expected (i.e. log price). Sales prices were at estimated levels. We commented on the result in more detail on Friday [here](#).

Short-term forecasts fell, already cautious long-term expectations were not changed

Koskisen repeated the 2023 guidance given in the prospectus, where it expects that its 2023 revenue will not exceed the 2022 level (2022 revenue 318 MEUR), and its adjusted EBITDA margin is 12-14%. After the Q3 numbers, repeating the guidance was a given and after 9 months Koskisen is still at the top end of the margin guidance range (Q1-Q3: adjusted EBITDA-% 13.7%). Thus, it is realistic for the company to achieve the guidance, but there is no room for another miss in Q4. In the Panel Industry, the war-based supply disruption in European birch plywood is still ongoing and prices continued climbing also in Q3. Thus, the unit can maintain the role of the result engine, even though we believe demand is subject to increasing risks due to the weaker economic situation and the slide in construction. In the longer term, we are also skeptical about maintaining existing margin levels in the Panel Industry. In the Sawn Timber Industry, the outlook is still difficult as construction is weak and prices are down, but we feel the risk of a stronger headwind is low, as the inventory problem is over in the segment and the current price level forces many producers to restrict production to prevent burning cash. We cut our forecasts at the EBITDA level by approximately 20-25% for 2024-2025. The report did not put any pressure on our cautious longer-term estimates. In the coming years, we expect Koskinen's adjusted EBITDA to remain somewhat stable at the level of the last 12 months.

The share is still undervalued, although acceptable multiples are not particularly high

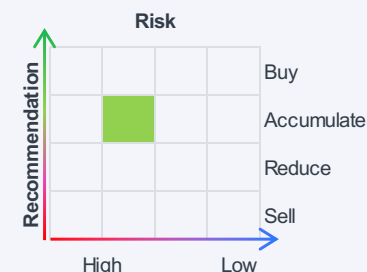
Koskisen's 2023 and 2024 EV/EBITDA ratios that consider the strong balance sheet are around 4x and the P/B ratio for 2023 is 1x. We expect the dividend yield of the next few years to be around 5%. The multiples are close to the mid-point of the ranges (EV/EBITDA 3.5x -6.5x and P/B 0.7x-1.3x) we accept that consider the company's estimated return on capital and risk profile. Even with conservative long-term parameters, the DCF value is also above the current share price level. Thus, we believe that the low valuation still forms an attractive risk/return ratio (incl. upside if expectations are exceeded and support levels against disappointment). Thus, we believe that a positive view is justified, although the subdued earnings outlook based on our neutral scenario, the structure of the current result and industry valuations do not favor particularly high multiples for the share at the moment.

Recommendation

Accumulate
(previous Accumulate)

EUR 7.00
(previous EUR 7.50)

Share price:
EUR 6.35



Key figures

	2022	2023e	2024e	2025e
Revenue	317.7	268.6	296.3	309.0
growth-%	2%	-15%	10%	4%
EBIT adj.	58.5	25.3	21.4	23.1
EBIT-% adj.	18.4 %	9.4 %	7.2 %	7.5 %
Net Income	39.8	20.3	15.1	17.0
EPS (adj.)	1.74	0.88	0.66	0.74

P/E (adj.)	3.6	7.2	9.7	8.6
P/B	1.1	1.0	0.9	0.9
Dividend yield-%	6.9 %	4.7 %	4.7 %	4.7 %
EV/EBIT (adj.)	2.0	5.2	6.6	5.6
EV/EBITDA	1.8	3.8	4.1	3.5
EV/S	0.4	0.5	0.5	0.4

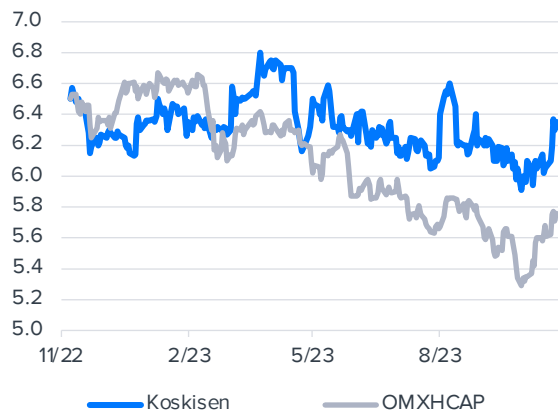
Source: Inderes

Guidance

(Unchanged)

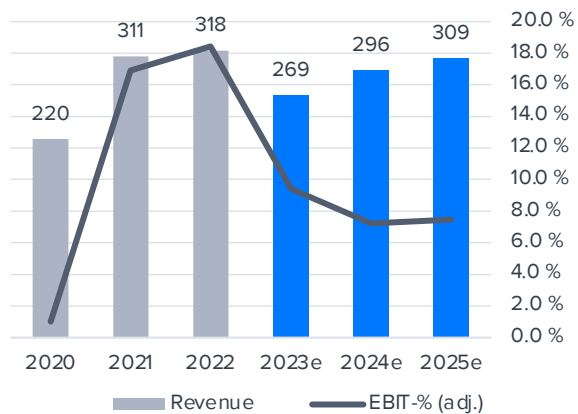
Koskisen expects that its revenue in 2023 will not exceed the 2022 level and its adjusted EBITDA will be 12-14%.

Share price



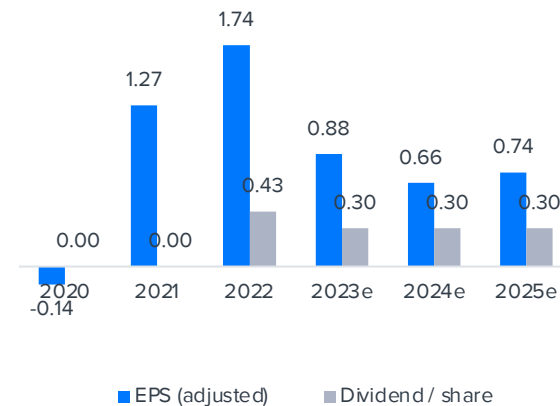
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Healthy long-term demand trends
- Increasing exports
- Improvement potential in the normalized profitability level
- Business generates value (ROIC>WACC) at least in a favorable cycle



Risk factors

- Cyclical demand
- Tight competition situation in the sawmill industry
- Bulky end products offer little room for differentiation, i.e. price is the main differentiation method and demand is, therefore, market-driven
- Success in exports
- Duration of the war-based supply disruption that supports the Panel Industry

Valuation	2023e	2024e	2025e
Share price	6.35	6.35	6.35
Number of shares, millions	23.0	23.0	23.0
Market cap	146	146	146
EV	132	141	128
P/E (adj.)	7.2	9.7	8.6
P/E	7.2	9.7	8.6
P/B	1.0	0.9	0.9
P/S	0.5	0.5	0.5
EV/Sales	0.5	0.5	0.4
EV/EBITDA	3.8	4.1	3.5
EV/EBIT (adj.)	5.2	6.6	5.6
Payout ratio (%)	34.0 %	45.6 %	40.6 %
Dividend yield-%	4.7 %	4.7 %	4.7 %

Source: Inderes

Low volumes and high cost levels devoured profitability

Sales stalled due to long production breaks in July

Koskisen had not published comparison figures before the Q3 report. This made it difficult to assess the seasonality of operations, although it is known that the comparison figures were tough. In Q3, Koskisen's revenue decreased by 17% to EUR 55.5 million, which was clearly below our estimates. Revenue decreased in both units.

The revenue miss was driven by the volumes of both businesses, which decreased clearly from the comparison period due to weak demand and production shutdowns (incl. maintenance) in July. In particular, the volumes of the Panel Industry that held a month-long production break, were well below our forecast. On the other hand, there were no surprises in achieved average prices as the average price in the Sawn Timber Industry remained stable at a weak level and the average price in the Panel Industry continued to rise.

Earnings-wise the quarter was a miss

Koskisen's adjusted EBITDA was EUR 1.4 million in Q3. The operating result decreased from the strong comparison level by almost 90%, while we expected the drop to be clearly smaller. Our forecast was too positive for both divisions, but the sharp drop in profitability caused by the Panel Industry's volumes and high costs (birch log) was the clearest disappointment. In fact, the Panel Industry generated an adjusted EBITDA of only EUR 2.6 million or 9% adjusted EBITDA-% in Q3

The Sawn Timber Industry was EUR 1 million in the red at EBITDA level due to the weak price level, low volumes and high costs, but it was known that due to the ramp-up of the new sawmill line in Järvelä, Q3 would be disrupted for the unit and difficult to predict (we expected a zero EBITDA for the unit). In the Other unit, the result was slightly weaker than we expected, as Koskisen did not sell any emission

rights in Q3 (we expected small sales).

In the lower lines, depreciation and financing costs were lower than we expected and taxes turned slightly positive due to the loss-making result. Thus, Koskisen's EPS plummeted to EUR -0.04 in Q3. In terms of cash flow, the report was also subdued, as the cash flow from operating activities corresponded more or less to EBITDA, and the tail-end of the investment in the new sawmill line pushed free cash flow into red.

Balance sheet is still very strong

Due to the recent strong results and the IPO, Koskisen's balance sheet is in very good condition, as the leverage at the end of Q3 was -6 % (Q2'22: net leverage 13%). A strong balance sheet gives the company a buffer against cyclical risks and creates leeway for implementing the growth strategy.

Estimates MEUR / EUR	Q3'22	Q3'23	Q3'23e	Q3'23e	Consensus		Difference (%)	2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	67.4	55.5	68.1				-19%	269
EBITDA (adj.)	10.3	1.4	9.4				-86%	34.6
EBIT	8.3	-1.0	6.9				-114%	25.3
PTP	8.8	-1.3	6.1				-121%	24.6
EPS (adj.)	0.40	-0.04	0.21				-119%	0.88
Revenue growth-%		-17.7 %	1.1 %				-18.7 pp	2.0 %
EBITDA-% (adj.)	15.3 %	2.4 %	13.8 %				-11.4 pp	12.9 %

Source: Inderes

Expectations of an earnings revision cooled with Q3

Guidance remained unchanged

Koskisen repeated the 2023 guidance given in the prospectus, where it expects that its 2023 revenue will not exceed the 2022 level (2022 revenue 318 MEUR), and its adjusted EBITDA margin is 12-14%. After the Q3 numbers, repeating the guidance was a given and after 9 months Koskisen is still at the top end of the profitability guidance range (Q1-Q3: adjusted EBITDA-% 13.7%). Thus, reaching the guidance is very realistic for the company, but there is no room for another successive miss. However, the visibility of Q4 should be moderate at this stage.

As far as the market is concerned, the situation remains twofold. In the Panel Industry, the war-based supply disruption in the European birch plywood market ongoing and therefore no short-term downward driver is found for the extremely high prices/margins. On the other hand, over 9 months, the volumes of the Panel Industry decreased and prices rose, which we believe reflects a certain

fragility in the market, although some of the volume decrease may be explained by the optimization of Koskisen's product mix (i.e., production of products with higher margins that generate less cubic meters) and the longer maintenance shutdown that typical in July. In the longer term, we are still skeptical about the maintenance of the average price and especially margin levels of the past year as we believe that the worst undersupply will be resolved in the medium term with new investments and replacement products (e.g. eucalyptus and blended plywood).

In the Sawn Timber Industry, the outlook is still difficult as construction is weak and prices are down. For the Sawn Timber Industry, we estimate that an improvement in the global market situation would require a pick-up in demand (i.e. construction), as supply seems sufficient. At least until next summer, this will not be seen in any area. The positive aspect of the sawn timber market is that the inventory problem in value chains has largely been solved and

the negative profitability of the weakest players do not, in our opinion, enable significant decreases in the price levels.

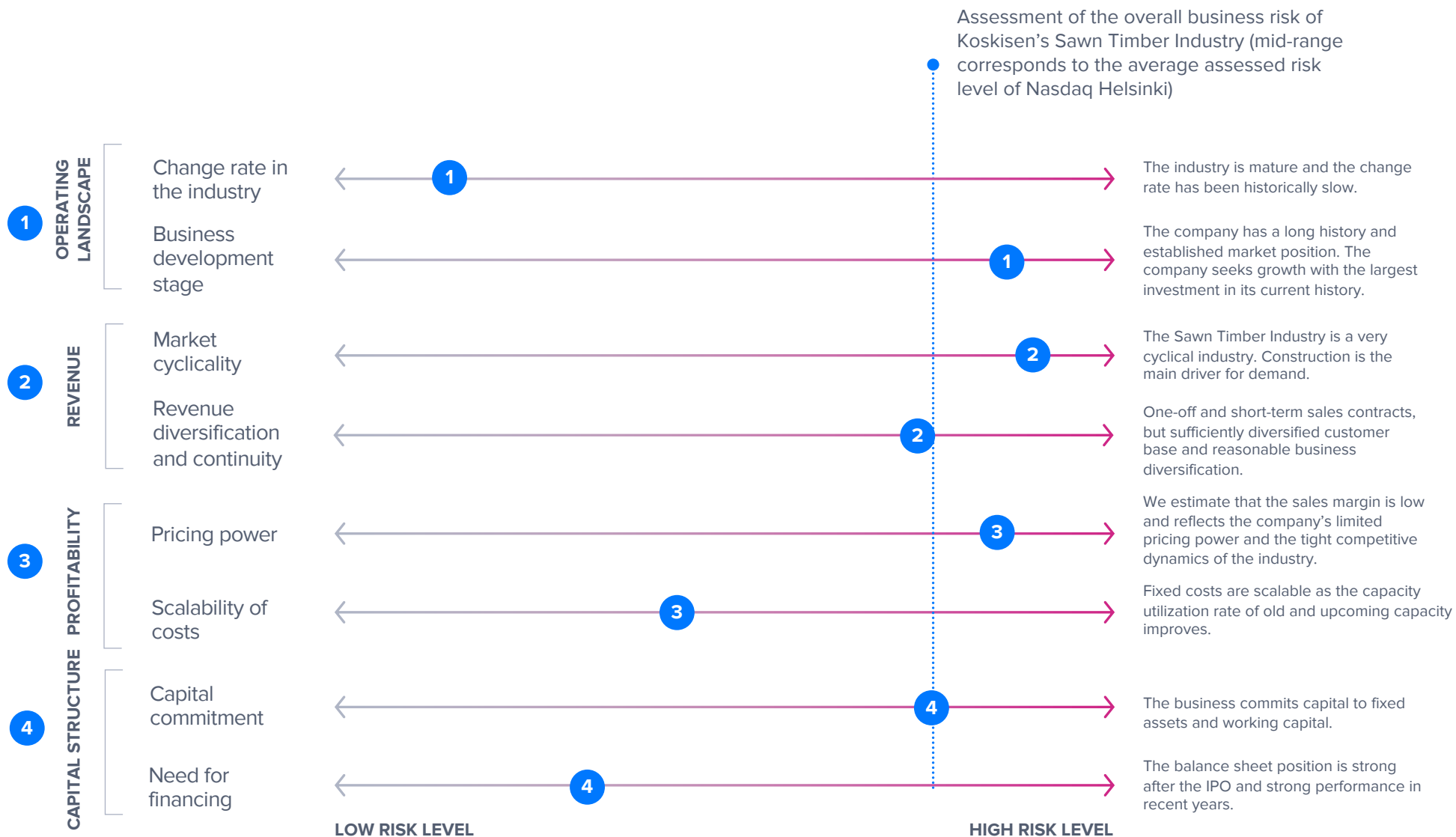
We lowered our short-term forecasts

We cut Koskisen's forecasts at the EBITDA level by some 20-25% for 2024-2025. The report did not put pressure on our already cautious longer-term forecasts. In the next few years, we expect Koskisen's operating result to remain somewhat stable at the level of the last 12 months, with an adjusted EBITDA of approximately EUR 33-37 million. At the same time, the quality of the result naturally improves, as in the middle of the decade earnings in our estimates are generated at a higher volume and greater efficiency while recently the performance has relied on high prices, which the company has limited influence on. The main two-way risks associated with our estimates are the normalization of the birch plywood market, global development of construction, tighter competition and inflation.

Estimate revisions MEUR / EUR	2023e			2024e			2025e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
Revenue	290	269	-7%	307	296	-3%	307	309	1%
EBITDA	47.0	34.6	-26%	41.8	34.4	-18%	36.8	36.7	0%
EBIT (exc. NRIs)	37.5	25.3	-33%	28.9	21.4	-26%	23.0	23.1	0%
EBIT	37.5	25.3	-33%	28.9	21.4	-26%	23.0	23.1	0%
PTP	36.2	24.6	-32%	26.4	18.9	-28%	21.0	21.3	1%
EPS (excl. NRIs)	1.28	0.88	-31%	0.92	0.66	-28%	0.73	0.74	1%
DPS	0.35	0.30	-14%	0.30	0.30	0%	0.30	0.30	0%

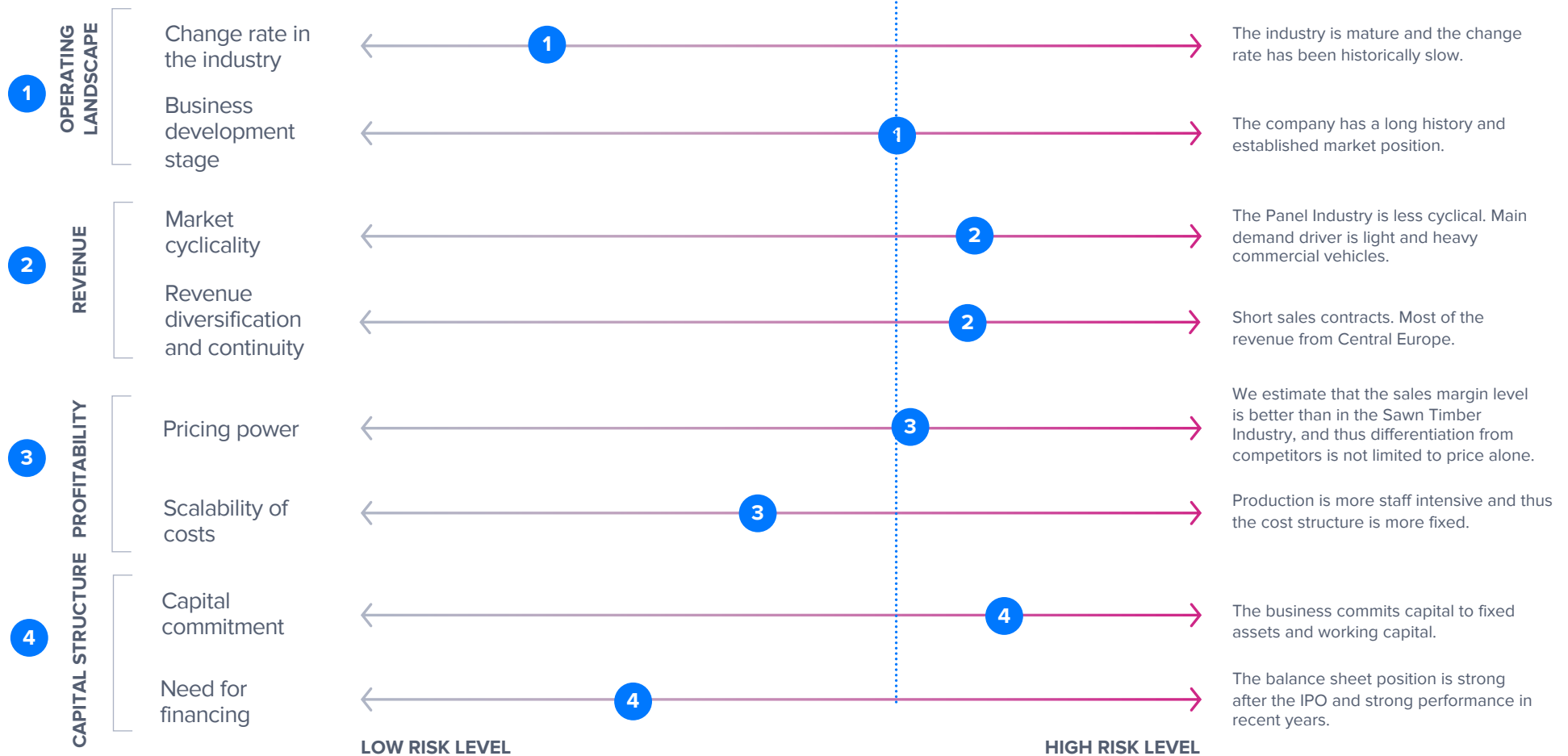
Source: Inderes

Risk profile of Koskisen' Sawn Timber Industry



Risk profile of the Koskisen's Panel Industry

Assessment of the overall business risk of Koskisen's Panel Industry (mid-range corresponds to the average assessed risk level of Nasdaq Helsinki)



Low valuation supports expected return

Main focus on earnings multiples

We focus on earnings-based multiples in Koskisen's valuation. When examining earnings-based multiples, we favor the P/E ratio, as well as EV/EBITDA and EV/EBIT ratios that consider Koskisen's strong balance sheet. We feel acceptable EV/EBITDA ratios for Koskisen are roughly 3.5-6.5x, considering the growth and profitability levels of the business and the risk profile. The acceptable P/E based valuation range is 10x-14x in our opinion. On an annual basis, the multiples may occasionally stretch to a wide range, especially due to the strong cyclicity of the Sawn Timber Industry.

Low valuation level and acceptable expected return

With our 2023 and 2024 estimates Koskisen's P/E ratios are 7x and 10x and corresponding EV/EBITDA ratios are around 4x. Therefore, the share is priced at the bottom end of the acceptable valuation ranges with the multiples for both years. Therefore, we still find the valuation attractive especially as we do not feel the estimate risks are clearly negative in the short or longer term despite the Q3 disappointment. In the downward or stable at best earnings trend of our neutral scenario, the acceptable valuation is certainly not particularly high, especially in the prevailing interest rate environment, and the quality of the current result (i.e. Group result relies on the probably exceptionally high margins of the Panel industry) does not currently support high multiples either.

The balance sheet based P/B 1.0x (2023e) is also low. This is further emphasized by the fact that in assets equity faces fixed assets and working capital items. Therefore, we estimate that the balance sheet value of equity already provides certain support for the

share, even though balance sheet valuations below the balance sheet value of equity are no exception in the industry. The support also seemed to hold, as Koskisen's share price rose slightly on the result day despite lower-than-expected Q3 figures. The presence of the estimated support levels improves the share's risk/return picture.

Considering this overall picture, we estimate that the expected return consisting of decreased earnings, increase in the acceptable valuation and around 5% dividend yield is higher than the required return for the 12 months. The expected return would turn more clearly positive if Koskisen could raise its profitability to its target of over 15% adj. EBITDA-% (cf. our estimates of adj. EBITDA growth of 11-13%).

DCF value above the share price

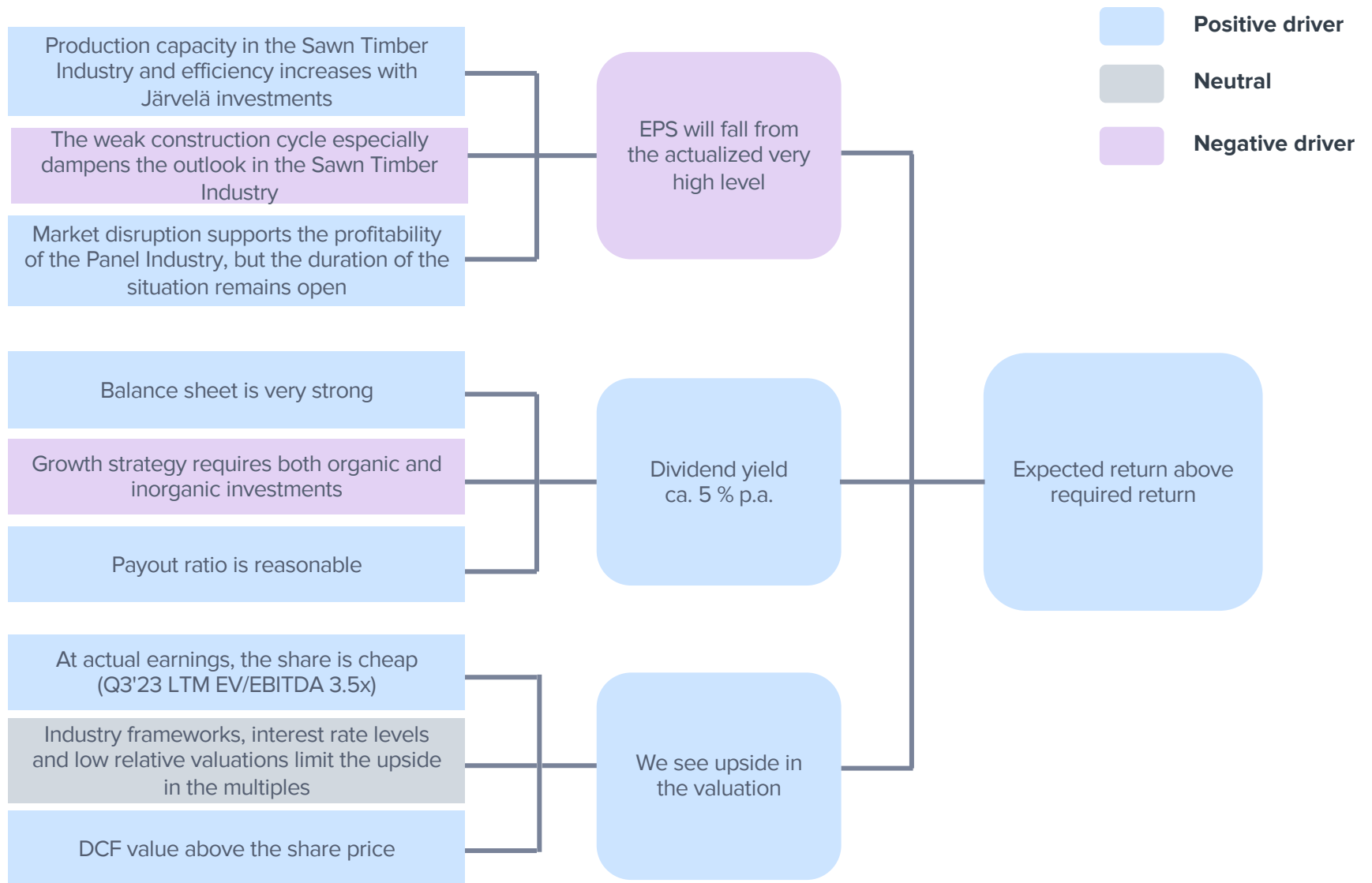
In relative terms, with 2023 and 2024 estimates Koskisen is priced at a discount relative to the loosely connected peer group. However, the valuation difference narrows when we look at next year and, on a balance sheet basis, pricing is neutral. Thus we consider the share's relative valuation moderate and, feel the peer group is not priced too high either.

We give weight to the DCF model in our valuation despite it being sensitive to the variables of the terminal period. According to our DCF model, the share value is around EUR 7 per share, which supports our view based on the other methods that the share is priced at an attractive level. Our model is also conservative in terms of long-term profitability and required returns compared to the company's current level, although we believe that this is still justified considering the longer-term history of the industries.

Valuation	2023e	2024e	2025e
Share price	6.35	6.35	6.35
Number of shares, millions	23.0	23.0	23.0
Market cap	146	146	146
EV	132	141	128
P/E (adj.)	7.2	9.7	8.6
P/E	7.2	9.7	8.6
P/B	1.0	0.9	0.9
P/S	0.5	0.5	0.5
EV/Sales	0.5	0.5	0.4
EV/EBITDA	3.8	4.1	3.5
EV/EBIT (adj.)	5.2	6.6	5.6
Payout ratio (%)	34.0 %	45.6 %	40.6 %
Dividend yield-%	4.7 %	4.7 %	4.7 %

Source: Inderes

TSR drivers Q3'23 LTM-2025e



Valuation table

Valuation	2022	2023e	2024e	2025e	2026e
Share price	6.28	6.35	6.35	6.35	6.35
Number of shares, millions	23.0	23.0	23.0	23.0	23.0
Market cap	145	146	146	146	146
EV	116	132	141	128	116
P/E (adj.)	3.6	7.2	9.7	8.6	8.8
P/E	3.6	7.2	9.7	8.6	8.8
P/B	1.1	1.0	0.9	0.9	0.8
P/S	0.5	0.5	0.5	0.5	0.5
EV/Sales	0.4	0.5	0.5	0.4	0.4
EV&EBITDA (adj.)	1.8	3.8	4.1	3.5	3.2
EV/EBIT (adj.)	2.0	5.2	6.6	5.6	5.2
Payout ratio (%)	25.1 %	34.0 %	45.6 %	40.6 %	41.4 %
Dividend yield-%	6.9 %	4.7 %	4.7 %	4.7 %	4.7 %

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
Bergs Timber AB	135	150	84.7	10.6	12.5	6.4	0.6	0.5		12.5	2.3	2.9	0.9
Interfor Corp	766	1311			16.9	8.0	0.6	0.6					0.6
Boise Cascade	4093	3360	5.8	6.3	4.8	5.1	0.5	0.5	9.2	10.1	7.7	0.6	2.0
West Fraser Timber	5863	5251		11.9	9.3	6.0	0.9	0.9		23.8	1.6	1.6	0.9
Canfor	1349	1443		357.6	57.8	5.5	0.4	0.4					0.5
Stora Enso	9632	12776	44.8	16.3	13.4	8.9	1.3	1.3	61.2	17.8	2.2	3.1	0.8
STEICO	466	643	21.4	18.5	11.0	9.9	1.7	1.6	24.9	19.2	1.2	1.4	1.5
Koskisen (Inderes)	146	132	5.2	6.6	3.8	4.1	0.5	0.5	7.2	9.7	4.7	4.7	1.0
Average			39.2	70.2	18.0	7.1	0.9	0.8	31.8	16.7	3.0	1.9	1.0
Median			33.1	14.1	12.5	6.4	0.6	0.6	24.9	17.8	2.2	1.6	0.9
Diff-% to median			-84%	-53%	-69%	-36%	-18%	-19%	-71%	-46%	114%	188%	18%

Source: Refinitiv / Inderes

Income statement

Income statement	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	2024e	2025e	2026e
Revenue	311	318	73.2	73.9	55.5	66.1	269	296	309	316
Sawn Timber Industry	188	166	32.1	29.6	24.9	28.0	115	142	162	168
Panel Industry	123	152	41.1	44.2	30.6	38.1	154	154	147	148
EBITDA	62.2	66.3	12.6	13.8	1.3	6.9	34.6	34.4	36.7	35.9
Depreciation	-9.5	-8.1	-2.0	-2.1	-2.3	-3.0	-9.3	-13.0	-13.6	-13.7
EBIT (excl. NRI)	52.7	58.5	10.7	11.7	-1.0	3.9	25.3	21.4	23.1	22.2
EBIT	52.7	58.2	10.7	11.7	-1.0	3.9	25.3	21.4	23.1	22.2
Sawn Timber Industry (EBITDA)	50.7	41.6	1.6	1.6	-1.0	0.6	2.9	8.1	12.2	16.0
Panel Industry (EBITDA)	14.1	29.3	9.8	12.2	2.6	6.3	30.9	26.2	25.0	20.4
Other	-2.4	-4.3	1.2	-0.1	-0.3	0.0	0.8	0.2	-0.5	-0.5
Depreciation	-9.5	-8.1	-2.0	-2.1	-2.3	-3.0	-9.3	-13.0	-13.6	-13.7
Adjustment items	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-4.8	-0.4	-0.4	0.6	-0.3	-0.5	-0.6	-2.5	-1.8	-1.4
PTP	47.9	57.8	10.3	12.3	-1.3	3.4	24.6	18.9	21.3	20.8
Taxes	-9.4	-11.8	-1.5	-2.5	0.4	-0.7	-4.3	-3.8	-4.3	-4.2
Minority interest	-9.3	-6.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	29.2	39.8	8.8	9.8	-1.0	2.7	20.3	15.1	17.0	16.7
EPS (adj.)	1.27	1.74	0.38	0.43	-0.04	0.12	0.88	0.66	0.74	0.72
EPS (rep.)	1.27	1.73	0.38	0.43	-0.04	0.12	0.88	0.66	0.74	0.72
Key figures	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	41.5 %	2.1 %	0.0 %	0.0 %	0.0 %	-79.2 %	-15.4 %	10.3 %	4.3 %	2.3 %
EBITDA-%	20.0 %	20.9 %	17.2 %	18.7 %	2.4 %	10.4 %	12.9 %	11.6 %	11.9 %	11.4 %
Adjusted EBIT-%	16.9 %	18.4 %	14.5 %	15.9 %	-1.7 %	5.9 %	9.4 %	7.2 %	7.5 %	7.0 %
Net earnings-%	9.4 %	12.5 %	12.0 %	13.3 %	-1.8 %	4.1 %	7.6 %	5.1 %	5.5 %	5.3 %

Source: Inderes

NB! 2021-2022 EPS calculated based on number of outstanding shares on 12/31/2022

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	86.8	105	122	129	126
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	0.6	0.9	1.3	1.7	2.1
Tangible assets	83.0	99.0	116	123	119
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	3.0	4.5	4.5	4.5	4.5
Other non-current assets	0.2	0.1	0.2	0.2	0.2
Deferred tax assets	0.1	0.1	0.1	0.1	0.1
Current assets	114	154	128	125	123
Inventories	38.1	34.2	29.6	35.6	37.1
Other current assets	5.4	9.9	9.9	9.9	9.9
Receivables	29.5	25.5	21.5	29.6	30.9
Cash and equivalents	40.5	84.4	67.2	50.4	45.5
Balance sheet total	200	259	250	255	249

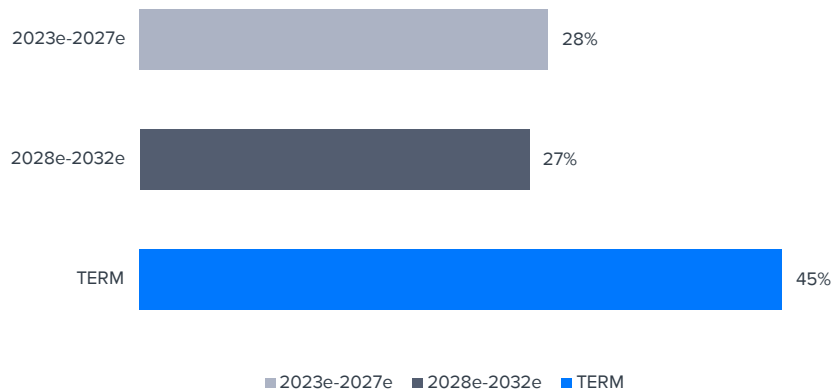
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	58.8	136	146	154	165
Share capital	1.5	1.5	1.5	1.5	1.5
Retained earnings	34.5	60.6	71.0	79.2	89.3
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	-0.4	73.7	73.7	73.7	73.7
Minorities	23.2	0.0	0.0	0.0	0.0
Non-current liabilities	75.7	56.3	54.9	47.7	31.9
Deferred tax liabilities	1.7	3.7	3.7	3.7	3.7
Provisions	0.1	0.1	0.1	0.1	0.1
Interest bearing debt	68.4	49.4	48.0	40.8	25.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	5.4	3.0	3.0	3.0	3.0
Current liabilities	65.8	66.5	48.8	52.4	52.8
Interest bearing debt	6.2	6.5	4.9	4.1	2.5
Payables	50.7	59.1	43.0	47.4	49.4
Other current liabilities	8.9	0.9	0.9	0.9	0.9
Balance sheet total	200	259	250	255	249

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	2.1 %	-15.4 %	10.3 %	4.3 %	2.3 %	3.0 %	3.0 %	2.5 %	2.5 %	2.5 %	2.0 %	2.0 %
EBIT-%	18.3 %	9.4 %	7.2 %	7.5 %	7.0 %	6.0 %	6.0 %	6.0 %	5.5 %	5.0 %	5.0 %	5.0 %
EBIT (operating profit)	58.2	25.3	21.4	23.1	22.2	19.5	20.1	20.6	19.4	18.1	18.4	
+ Depreciation	8.1	9.3	13.0	13.6	13.7	13.1	12.3	12.1	12.0	11.9	11.9	
- Paid taxes	-18.3	-4.2	-3.8	-4.3	-4.2	-3.6	-3.7	-3.8	-3.6	-3.3	-3.4	
- Tax, financial expenses	-0.1	-0.1	-0.5	-0.4	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	
+ 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	12.3	-7.4	-9.7	-0.8	-0.4	-0.6	-0.6	-0.5	-0.5	-0.5	-0.4	
Operating cash flow	47.6	22.9	20.4	31.3	31.0	28.2	27.8	28.1	26.9	25.8	26.2	
+ Change in other long-term liabilities	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-22.0	-26.5	-20.4	-10.4	-10.4	-10.4	-10.4	-11.4	-11.4	-12.4	-13.6	
Free operating cash flow	29.1	-3.6	0.0	20.9	20.6	17.8	17.4	16.7	15.5	13.4	12.6	
+/- Other	26.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	55.9	-3.6	0.0	20.9	20.6	17.8	17.4	16.7	15.5	13.4	12.6	155
Discounted FCFF		-3.6	0.0	17.0	15.2	11.9	10.6	9.2	7.7	6.0	5.2	63.7
Sum of FCFF present value		143	147	147	130	114	102	91.8	82.7	74.9	68.9	63.7
Enterprise value DCF		143										
- Interest bearing debt		-56.0										
+ Cash and cash equivalents		84.4										
-Minorities		0.0										
-Dividend/capital return		-10.0										
Equity value DCF		161										
Equity value DCF per share		7.0										

Cash flow distribution



WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	17.5 %
Cost of debt	5.0 %
Equity Beta	1.60
Market risk premium	4.75%
Liquidity premium	1.50%
Risk free interest rate	2.5 %
Cost of equity	11.6 %
Weighted average cost of capital (WACC)	10.3 %

Source: Inderes

Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	220.0	311.3	317.7	268.6	296.3	EPS (reported)	-0.14	1.27	1.73	0.88	0.66
EBITDA	11.3	62.2	66.3	34.6	34.4	EPS (adj.)	-0.14	1.27	1.74	0.88	0.66
EBIT	2.2	52.7	58.2	25.3	21.4	OCF / share	0.44	2.29	2.07	0.99	0.89
PTP	-4.4	47.9	57.8	24.6	18.9	FCF / share	0.28	1.44	2.43	-0.16	0.00
Net Income	-3.3	29.2	39.8	20.3	15.1	Book value / share	0.28	1.55	5.90	6.35	6.71
Extraordinary items	0.0	0.0	-0.3	0.0	0.0	Dividend / share	0.00	0.00	0.43	0.30	0.30
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	151.8	200.3	258.6	249.8	254.5	Revenue growth-%			2%	-15%	10%
Equity capital	20.4	58.8	135.8	146.1	154.4	EBITDA growth-%			7%	-48%	-1%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%			11%	-57%	-15%
Net debt	71.4	34.1	-28.5	-14.3	-5.4	EPS (adj.) growth-%			37%	-49%	-26%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%			20.9 %	12.9 %	11.6 %
EBITDA	11.3	62.2	66.3	34.6	34.4	EBIT (adj.)-%			18.4 %	9.4 %	7.2 %
Change in working capital	-1.9	-6.1	12.3	-7.4	-9.7	EBIT-%			18.3 %	9.4 %	7.2 %
Operating cash flow	10.2	52.7	47.6	22.9	20.4	ROE-%			46.4 %	14.4 %	10.1 %
CAPEX	-3.7	-9.7	-22.0	-26.5	-20.4	ROI-%			35.8 %	12.9 %	10.8 %
Free cash flow	6.5	33.0	55.9	-3.6	0.0	Equity ratio			52.5 %	58.5 %	60.7 %
						Gearing			-21.0 %	-9.8 %	-3.5 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S			0.4	0.5	0.5						
EV/EBITDA (adj.)			1.8	3.8	4.1						
EV/EBIT (adj.)			2.0	5.2	6.6						
P/E (adj.)			3.6	7.2	9.7						
P/B			1.1	1.0	0.9						
Dividend-%			6.9 %	4.7 %	4.7 %						

Source: Inderes

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Date	Recommendation	Target	Share price
2/24/2023	Reduce	6.00 €	6.35 €
3/17/2023	Reduce	6.00 €	6.29 €
----- Analyst changed -----			
5/25/2023	Reduce	6.75 €	6.40 €
8/11/2023	Accumulate	6.75 €	6.19 €
8/25/2023	Accumulate	7.50 €	6.40 €
11/20/2023	Accumulate	7.00 €	6.35 €



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