

Sitowise

Company report

8/16/2023



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✓ Inderes corporate customer

This report is a summary translation of the report “Vastatuuleen hyvä suoritus” published on 08/16/2023 at 8:50 pm EEST.

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Good performance in headwinds

We raise Sitowise's recommendation to Buy (was Accumulate) and revise the target price to EUR 5.00 (was EUR 5.10). The Q2 result was slightly better than expected, although the outlook for the housing market remained weak. By contrast, other businesses have shown strong development and activity, and the order book also continued to grow. Cash flow also strengthened, again providing good momentum for further acquisitions to support organic growth. In our view, the valuation is attractive given Sitowise's potential and current performance level.

Good performance considering debilitating factors

Sitowise's net sales increased by 9% to some EUR 56.5 million year-on-year, exceeding our EUR 54.9 million estimate. Part of the growth came from acquisitions, but organic growth of around 5% was also achieved in the quarter. The quarter had one working day less and currencies went in the wrong direction (+11% currency-adjusted), but solid growth was still achieved. Digital Solutions (+69%) continued to grow strongly together with Infra (+14%) and Sweden also grew strongly in constant currency (+16%). In the Buildings business, net sales fell (-6%), reflecting a more difficult market. On the positive side, the order book increased by 4% year-on-year to around EUR 175 million. This maintains the potential for net sales growth. On the profit side, adjusted EBITA decreased year-on-year to ca. EUR 4.5 million (Q2'22: 4.9 MEUR), however, exceeding our expectations (4.3 MEUR). The margin fell to 8.0% (Q2'22: 9.5%), when we expected a margin of 7.8%. The increase in net sales helped profitability, but lower hours worked in the quarter and a weak market in the Buildings business weighed on results. For these reasons, billable utilization in Q2 was 76.0% (Q2'22: 76.3%). On a positive note, Sitowise's operating cash flow improved to EUR 9.6 million (Q2'22: 2.1 MEUR) and H1 to EUR 15.2 million (H1'22: 9.0 MEUR). This improves the company's financial position and offers firepower for M&A.

Waiting for the housing market to pick up

Sitowise still expects net sales to grow in 2023, with an adjusted EBITA margin at around the 2022 level (2022: 10.0%). The market outlook is weak for the Buildings business, but the growth outlook is supported by an order book growing by around 4%, good traction in the infrastructure market and demand for digital solutions. We now expect net sales in 2023 to grow by around 8% to EUR 220 million. We expect adjusted EBITA to grow to EUR 21 million and the margin to be 9.7% (2022: 10.0%). Growth in the coming years (24-26e avg: 3%) is uncertain due to the challenging Buildings market, especially in the short term, but Sitowise's digital expertise and the stability of the infrastructure market create opportunities for the business. We expect earnings growth to strengthen (EBITDA growth 24-26e avg: +12%) as market challenges ease and the company's efficiency measures take effect. Estimate risks are elevated by uncertainty in market demand, inflation challenges and tightening competition.

Valuation clearly lagging behind peers

The valuation of Sitowise is attractive for the coming years despite the current low profitability (23-24e avg: EV/EBITDA: 7x, P/E: 11x). At the lower end of our valuation range (EV/EBITDA: 8-10x, P/E: 14-18x) the share has an upside of over 20%. The expected return is also boosted by the dividend yield that has risen to around 3%. The valuation of the peer group has also risen recently, while Sitowise's valuation has been stagnant. Sitowise is valued at 20% below peers for the next few years, when we believe Sitowise should be at least in line with peers. The value of our DCF calculation (EUR 5.7) is also higher than the current share price, which supports our recommendation.

Recommendation

Buy

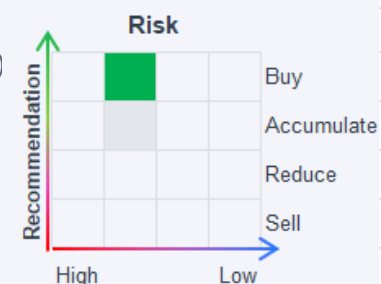
(previous Accumulate)

EUR 5.00

(previous EUR 5.10)

Share price:

4.00



Key figures

	2022	2023e	2024e	2025e
Revenue	204.4	220.1	226.5	236.5
growth-%	14%	8%	3%	4%
EBIT adj.	17.5	17.6	22.8	27.0
EBIT-% adj.	8.5 %	8.0 %	10.0 %	11.4 %
Net Income	7.8	10.8	15.0	18.4
EPS (adj.)	0.34	0.31	0.42	0.52

P/E (adj.)	15.0	13.0	9.5	7.7
P/B	1.6	1.1	1.1	1.0
Dividend yield-%	1.9 %	3.0 %	3.5 %	4.5 %
EV/EBIT (adj.)	15.4	12.4	9.1	7.1
EV/EBITDA	11.3	7.7	6.3	5.2
EV/S	1.3	1.0	0.9	0.8

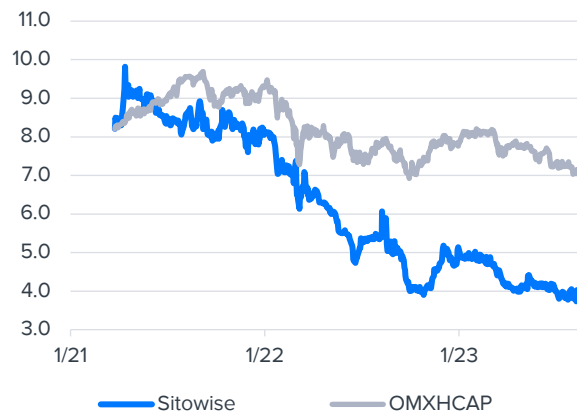
Source: Inderes

Guidance

(Unchanged)

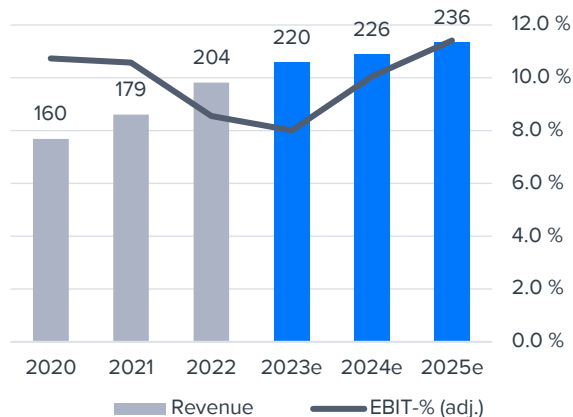
Sitowise Group estimates that its net sales in euros will increase (2022: 204 MEUR), and that its adjusted EBITA margin (%) will be broadly at the same level as the adjusted EBITA margin of 2022. 10.0%).

Share price



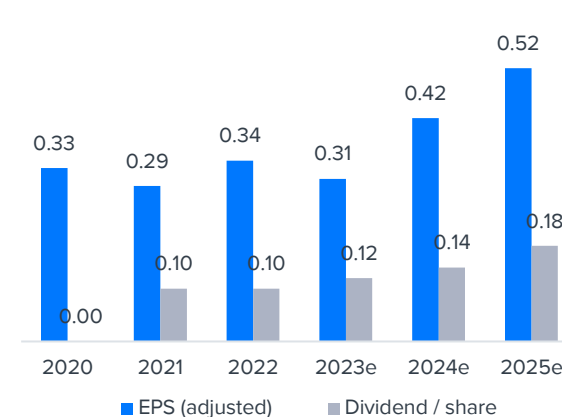
Source: Millstream Market Data AB

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	4.00	4.00	4.00
Number of shares, millions	35.5	35.5	35.5
Market cap	142	142	142
EV	219	206	191
P/E (adj.)	13.0	9.5	7.7
P/B	1.1	1.1	1.0
EV/Sales	1.0	0.9	0.8
EV/EBITDA	7.7	6.3	5.2
EV/EBIT (adj.)	12.4	9.1	7.1
Payout ratio (%)	39.4 %	33.1 %	35.0 %
Dividend yield-%	3.0 %	3.5 %	4.5 %

Source: Inderes

Slightly better result than expected

Net sales are growing well

Sitowise's net sales increased by 9% to some EUR 56.5 million year-on-year, exceeding our EUR 54.9 million estimate. A big part of the growth came from acquisitions, but organic net sales also grew by about 5% in the quarter. One working day less in the quarter and FX movements (-2%) weighed on net sales. By business line, Digital Solutions (+69%) continued to show very strong growth and in Sweden, net sales growth (7%) was supported the market being stronger than in Finland and acquisitions. Without the impact of currencies, Sweden would have grown by up to 16%, so growth there was also comparatively good. The Buildings business (-6%) no longer showed growth, but the Infra business (14%) continued to grow strongly and, according to the company, was almost entirely organic and clearly outperformed the market. Infra's strength helps the company in times of weakness on the Buildings side. The order book also remained strong, growing by 4% year-on-year to roughly EUR

175 million.

Profitability slightly above expectations

Adjusted EBITA decreased year-on-year to ca. EUR 4.5 million (Q2'22: 4.9 MEUR), however, exceeding our expectations (4.3 MEUR). The EBITA margin dropped to 8.0% (Q2'22: 9.5%), when we expected a margin of 7.8%. The increase in net sales helped profitability, but lower hours worked in the quarter and a weak market in the Buildings business weighed on profitability. For these reasons, billable utilization in Q2 (76.0%) was slightly lower than in the comparison period (76.3%). There were no significant surprises in the figures reported in the bottom rows.

On a positive note, Sitowise's operating cash flow improved to EUR 9.6 million (Q2'22: 2.1 MEUR) and H1 to EUR 15.2 million (H1'22: 9.0 MEUR). This improves the company's financial position and offers firepower for inorganic growth.

Guidance unchanged

Sitowise expects net sales to grow in 2023, with an adjusted EBITA margin at around the 2022 level (2022: 10.0%). Based on the outlook, the Buildings market will remain challenging at least until the beginning of 2024, which is why the company is planning measures to maintain competitiveness and will start change negotiations in the unit. However, Infra's development has been strong, and the outlook remains good. The Swedish market has started to weaken due to a weaker housing market, but even there the outlook of Infra is better. Digital Solutions continue to grow strongly, and activity is at a good level. The Buildings market now appears weak, but the order book and comments suggest that the rest of the business will continue at a good level. We expect inflationary pressures (wage pressures) and a weak Buildings market to continue to weigh on profitability. Lower number of working days than in the comparison period is also still reflected in net sales and profit (Q3,Q4).

Estimates MEUR / EUR	Q2'22	Q2'23	Q2'23e	Q2'23e	Consensus		Difference (%)	2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	51.7	56.5	54.9				3%	218
EBITA (adj.)	4.9	4.5	4.3				5%	21.7
EBIT	2.7	3.6	3.3				9%	17.7
PTP	2.4	2.7	2.5				8%	14.1
EPS (reported)	0.04	0.06	0.06				0%	0.32
Revenue growth-%	11.2 %	9.2 %	6.1 %				3.1 pp	7.7 %
EBITA-% (adj.)	9.5 %	8.0 %	7.8 %				0.1 pp	10.0 %

Source: Inderes

Minor revisions to estimates

Decent growth in a challenging market

We slightly lowered our estimates for next year due to the weaker Buildings market, but there were no major changes in our estimates for the current year. In 2023, we expect growth to slow, but still be good. During 2023, the downturn in new construction, especially residential construction, has weakened the growth prospects of the Buildings business.

We expect total net sales to grow by 8% to around EUR 220 million in 2023. Organic growth is supported by Infra's continued strong activity and the acquisition and organic growth of Sweden and Digital Solutions. Organic growth is, however, slowed down by the postponement and uncertainty in the Buildings business.

Acquisitions are expected to support growth by around EUR 10 million in 2023. On this basis, we

forecast organic growth at around 2-3%.

The gradual easing of market challenges (inflation, uncertainty related to construction), better use of resources, depreciation of front-loaded growth costs and improved billing ratio will, in our opinion, strengthen the preconditions for the operating result improving in the coming years. However, in 2023 these effects will still be moderate. We predict that the adjusted EBITA for 2023 will rise to EUR 21 million and that the margin will be 9.7% (2022: 10.0%).

For 2024, we see growth slowing to 3% and to get some support from inorganic growth (~0.5 MEUR). However, we see the market picking up, especially towards the end of the year, and offering reasonable opportunities for organic growth. M&A activity is also likely to increase during 2024 if the market and the company's operational performance develop in the

right direction. This would further strengthen growth. However, we do not include potential future acquisitions in our models because of their low predictability. On the bottom line, we see the impact of cost pressures easing further and the company returning closer to its historical levels with better resource management in a better market.

In the longer term, we expect the company's growth to be at a good level (24-26e: 4%) in line with targets (+10% incl. acquisitions) and in line with both consolidation and penetration trends. The market is still very fragmented, which supports M&A activity. In addition, the share of consulting has room for growth compared to the rest of the market, in line with strong megatrends. We expect earnings growth to be strong as margins return closer to the 12% level (average EBITA growth 24-26e: +12%).

Estimate revisions MEUR / EUR	2023e			2024e			2025e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
Revenue	218	220	1%	227	226	0%	235	236	0%
EBITDA	28.2	28.5	1%	34.1	32.9	-3%	36.3	36.5	0%
EBITA (adj.)	21.7	21.4	-1%	25.6	24.5	-4%	28.5	28.7	1%
EBITA	20.4	20.6	1%	25.6	24.5	-4%	28.5	28.7	1%
PTP	13.8	13.6	-2%	20.1	19.0	-6%	23.0	23.2	1%
EPS (excl. NRIs)	0.31	0.31	-1%	0.45	0.42	-6%	0.51	0.52	1%

Valuation is attractive

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 historical performance, strong willingness to grow and better profitability than among peers should be noted. However, we are far from the best profitability and the market environment has also become weaker, which is why we lowered our acceptable level at the beginning of 2023. Our acceptable valuation range for Sitowise is: P/E 14-18x and EV/EBITDA: 8-10x.

We are relying on the lower end of our acceptable range due to market risks. In addition, although consulting and design companies are valued higher than average on the stock exchange, the quality and performance of the company is already well reflected in our 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 for the multiples.

Sitowise's valuation is attractive for the next few years (23-24e avg: EV/EBITDA: 7x, P/E: 11x) especially given the current moderate profitability. At the lower end of our valuation range (EV/EBITDA: 8-10x, P/E: 14-18x) the share has an upside of over 15%. The dividend yield, which has risen to around 3% and is supported by strong cash flow, also boosts the expected return.

Peer group valuation

The valuation of the peer group has risen slightly while Sitowise's valuation has fallen or remained stagnant. For 2023-2024, the median valuations of peers (P/E: 14x, EV/EBITDA: 10x) are, in our view, at a reasonably neutral level. 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.

DCF valuation

We also use DCF in the valuation. The value indicated by the DCF (EUR 5.7) 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.

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 10.4%. The required rate of return is low, although it has already risen from its lowest levels. However, we consider Sitowise's risks smaller than those of companies in, e.g., the construction sector, which justifies a lower level of required return.

Valuation	2023e	2024e	2025e
Share price	4.00	4.00	4.00
Number of shares, millions	35.5	35.5	35.5
Market cap	142	142	142
EV	219	206	191
P/E (adj.)	13.0	9.5	7.7
P/B	1.1	1.1	1.0
EV/Sales	1.0	0.9	0.8
EV/EBITDA	7.7	6.3	5.2
EV/EBIT (adj.)	12.4	9.1	7.1
Payout ratio (%)	39.4 %	33.1 %	35.0 %
Dividend yield-%	3.0 %	3.5 %	4.5 %

Source: Inderes

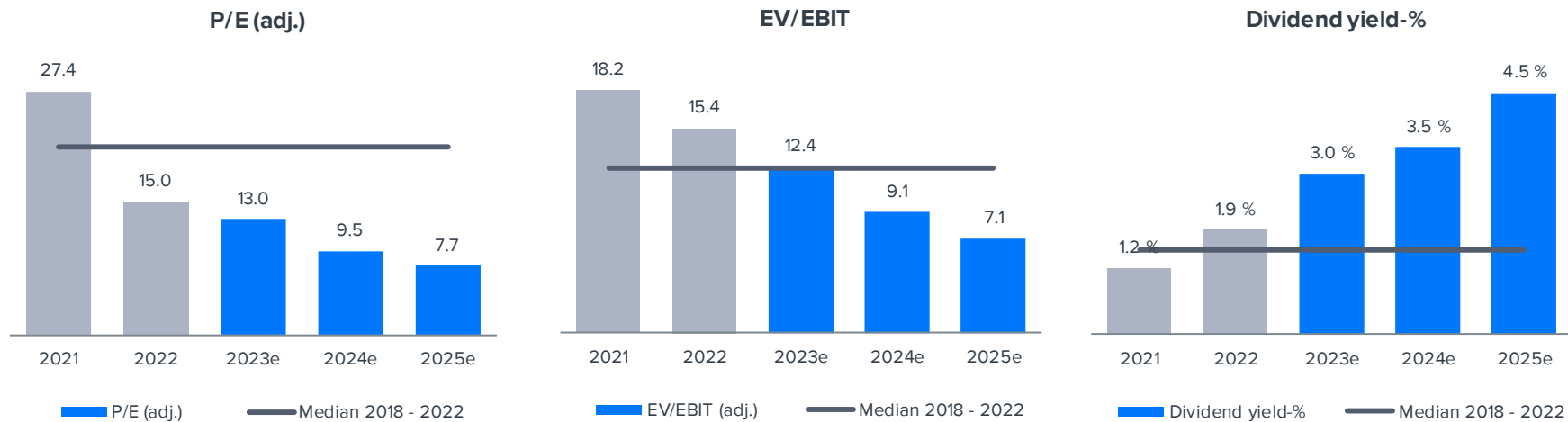
Target price breakdown



Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price				8.05	5.14	4.00	4.00	4.00	4.00
Number of shares, millions				35.4	35.5	35.5	35.5	35.5	35.5
Market cap				285	182	142	142	142	142
EV				345	268	219	206	191	178
P/E (adj.)				27.4	15.0	13.0	9.5	7.7	7.3
P/B				2.5	1.6	1.1	1.1	1.0	0.9
EV/Sales				1.9	1.3	1.0	0.9	0.8	0.7
EV/EBITDA				13.3	11.3	7.7	6.3	5.2	4.8
EV/EBIT (adj.)				18.2	15.4	12.4	9.1	7.1	6.2
Payout ratio (%)				45.2 %	45.2 %	39.4 %	33.1 %	35.0 %	37.0 %
Dividend yield-%				1.2 %	1.9 %	3.0 %	3.5 %	4.5 %	5.1 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Sweco AB	3297	3866	17.6	16.0	13.4	12.4	19.9	17.9	2.6	2.7	3.5
Afry AB	1390	2040	12.6	11.1	8.4	7.8	12.6	11.0	4.2	4.8	1.3
Rejlers AB	236	290	14.1	12.2	7.8	7.0	13.5	11.7	3.4	3.9	1.5
WSP Global Inc	15492	18418	26.7	23.4	14.3	13.0	27.3	23.9	0.8	0.8	3.6
Solwers Oyj	42	72	16.0	14.0	10.0	9.0	15.1	13.7	2.1	2.4	1.1
Etteplan Oyj	404	476	16.7	15.0	9.9	9.2	18.8	16.5	2.5	2.9	3.5
Arcadis NV	3721	4900	13.6	12.2	10.0	9.1	15.2	13.5	2.2	2.5	3.0
Sitowise (Inderes)	142	219	12.4	9.1	7.7	6.3	13.0	9.5	3.0	3.5	1.1
Average			16.7	14.8	10.5	9.7	17.5	15.5	2.5	2.8	2.5
Median			16.0	14.0	10.0	9.1	15.2	13.7	2.5	2.7	3.0
Diff-% to median			-22%	-35%	-23%	-32%	-15%	-31%	21%	28%	-62%

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
Revenue	160.1	179.3	49.2	51.7	45.9	57.6	204.4	56.1	56.5	48.2	59.4	220.1	226.5	236.5	244.7
EBITDA	26.3	25.8	5.4	5.2	6.5	6.7	23.8	8.5	6.4	6.3	7.3	28.5	32.9	36.5	37.4
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
EBITA (adj.)	20.6	21.1	5.2	4.9	4.9	5.3	20.4	6.6	4.5	4.6	5.7	21.4	24.5	28.7	30.2
EBITA	19.5	18.6	3.5	3.3	4.5	4.7	16.1	6.2	4.4	4.5	5.5	20.6	24.5	28.7	30.2
EBIT	18.3	16.4	2.9	2.7	3.7	3.8	13.2	5.5	3.6	3.7	4.7	17.5	22.8	27.0	28.5
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
PTP	15.9	10.3	1.5	2.4	3.3	3.0	10.3	4.4	2.7	2.8	3.7	13.6	19.0	23.2	24.7
Taxes	-3.2	-2.4	-0.4	-0.8	-0.5	-0.6	-2.4	-0.9	-0.6	-0.6	-0.7	-2.8	-3.9	-4.7	-5.0
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	-0.1	-0.1	-0.1
Net earnings	12.6	7.8	1.1	1.5	2.8	2.4	7.8	3.5	2.2	2.2	2.9	10.8	15.0	18.4	19.5
EPS (adj.)	0.33	0.29	0.08	0.09	0.09	0.08	0.34	0.11	0.05	0.06	0.08	0.31	0.42	0.52	0.55
EPS (rep.)	0.36	0.22	0.03	0.04	0.08	0.07	0.22	0.10	0.06	0.06	0.08	0.30	0.42	0.52	0.55
Key figures	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	11.9 %	12.0 %	15.0 %	11.2 %	16.0 %	14.1 %	14.0 %	13.9 %	9.2 %	5.0 %	3.1 %	7.7 %	2.9 %	4.4 %	3.5 %
Adjusted EBITA growth-%		2.4 %	10.8 %	-17.0 %	0.6 %	-5.2 %	-3.6 %	27.0 %	-8.4 %	-6.4 %	6.9 %	5.1 %	14.3 %	17.3 %	5.2 %
Adjusted EBITA-%	12.9 %	11.8 %	10.6 %	9.5 %	10.7 %	9.2 %	10.0 %	11.8 %	8.0 %	9.6 %	9.6 %	9.7 %	10.8 %	12.1 %	12.3 %
Net earnings-%	7.9 %	4.4 %	2.3 %	2.9 %	6.1 %	4.2 %	3.8 %	6.2 %	3.8 %	4.6 %	4.9 %	4.9 %	6.6 %	7.8 %	8.0 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	177	202	199	197	196
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
Current assets	72.7	78.3	89.6	104	122
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	66.0	67.9	70.9
Cash and equivalents	19.4	15.4	23.5	36.3	51.0
Balance sheet total	250	281	289	302	318

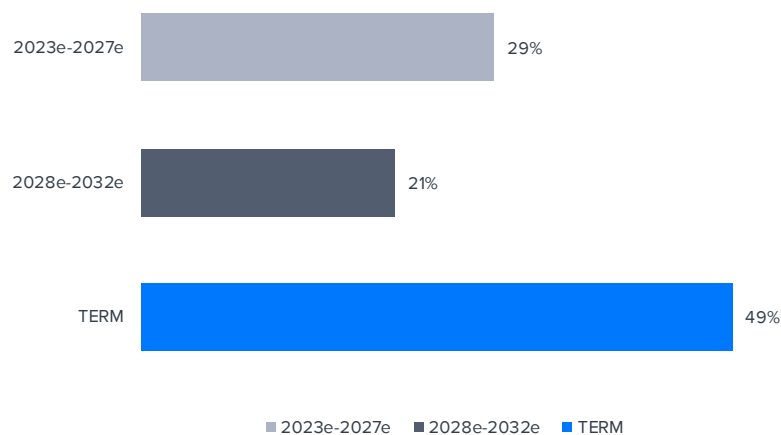
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	115	117	124	135	148
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	18.8	23.4	30.7	41.5	54.8
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
Non-current liabilities	72.6	94.6	91.6	91.6	91.6
Deferred tax liabilities	1.6	1.6	1.6	1.6	1.6
Provisions	0.0	0.0	0.0	0.0	0.0
Long term 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
Current liabilities	62.3	69.2	73.3	75.1	77.8
Short term debt	7.6	7.9	10.0	10.0	10.0
Payables	51.0	59.6	61.6	63.4	66.2
Other current liabilities	3.7	1.6	1.6	1.6	1.6
Balance sheet total	250	281	289	302	318

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	14.0 %	7.7 %	2.9 %	4.4 %	3.5 %	3.0 %	4.0 %	2.5 %	2.0 %	2.0 %	1.0 %	1.0 %
EBIT-%	6.4 %	7.9 %	10.0 %	11.4 %	11.6 %	11.0 %	10.5 %	10.5 %	10.0 %	10.0 %	10.0 %	10.0 %
EBIT (operating profit)	13.2	17.5	22.8	27.0	28.5	27.7	27.5	28.2	27.4	28.0	28.2	
+ 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	-2.8	-3.9	-4.7	-5.0	-4.9	-4.9	-5.0	-4.9	-5.0	-5.0	
- 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	-1.2	-0.1	-0.2	-0.2	-0.1	-0.2	-0.1	-0.1	-0.1	-0.1	
Operating cash flow	17.9	23.8	28.2	30.8	31.4	30.4	30.0	30.5	29.8	30.2	30.4	
+ 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	-8.2	
Free operating cash flow	-18.2	15.8	20.2	22.8	23.4	22.4	22.0	22.5	21.8	22.2	22.2	
+/- 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	15.8	20.2	22.8	23.4	22.4	22.0	22.5	21.8	22.2	22.2	305
Discounted FCFF		15.3	18.1	18.8	17.8	15.8	14.3	13.5	12.0	11.3	10.5	143
Sum of FCFF present value		291	276	257	239	221	205	191	177	165	154	143
Enterprise value DCF		291										
- Interest bearing debt		-101.0										
+ Cash and cash equivalents		15.4										
-Minorities		-0.3										
-Dividend/capital return		-3.6										
Equity value DCF		201										
Equity value DCF per share		5.7										

Cash flow distribution



WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	25.0 %
Cost of debt	3.0 %
Equity Beta	1.40
Market risk premium	4.75%
Liquidity premium	1.20%
Risk free interest rate	2.5 %
Cost of equity	10.4 %
Weighted average cost of capital (WACC)	8.4 %

Source: Inderes

Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	160.1	179.3	204.4	220.1	226.5	EPS (reported)	0.36	0.22	0.22	0.30	0.42
EBITDA	26.3	25.8	23.8	28.5	32.9	EPS (adj.)	0.33	0.29	0.34	0.31	0.42
EBIT	18.3	16.4	13.2	17.5	22.8	OCF / share	0.79	0.50	0.50	0.67	0.79
PTP	15.9	10.3	10.3	13.6	19.0	FCF / share	-0.15	-0.23	-0.51	0.44	0.57
Net Income	12.7	7.8	7.8	10.8	15.0	Book value / share	1.90	3.24	3.29	3.49	3.79
Extraordinary items	1.1	-2.6	-4.3	-0.1	0.0	Dividend / share	0.00	0.10	0.10	0.12	0.14
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	221.5	249.8	280.7	289.0	301.5	Revenue growth-%	12%	12%	14%	8%	3%
Equity capital	66.9	114.9	116.9	124.1	134.9	EBITDA growth-%	36%	-2%	-8%	20%	16%
Goodwill	118.1	135.2	157.6	157.6	157.6	EBIT (adj.) growth-%	130%	10%	-8%	1%	29%
Net debt	86.5	59.3	85.6	76.5	63.7	EPS (adj.) growth-%	144%	-10%	16%	-10%	37%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	16.4 %	14.4 %	11.6 %	12.9 %	14.5 %
EBITDA	26.3	25.8	23.8	28.5	32.9	EBIT (adj.)-%	10.7 %	10.6 %	8.5 %	8.0 %	10.0 %
Change in working capital	2.1	-3.2	-3.0	-1.2	-0.1	EBIT-%	11.4 %	9.1 %	6.4 %	7.9 %	10.0 %
Operating cash flow	27.9	17.7	17.9	23.8	28.2	ROE-%	20.4 %	8.6 %	6.8 %	9.0 %	11.6 %
CAPEX	-33.1	-25.8	-36.1	-8.0	-8.0	ROI-%	11.7 %	9.0 %	6.4 %	7.9 %	9.9 %
Free cash flow	-5.1	-8.2	-18.2	15.8	20.2	Equity ratio	30.2 %	46.0 %	41.6 %	43.0 %	44.7 %
Valuation multiples	2020	2021	2022	2023e	2024e	Gearing	129.3 %	51.6 %	73.2 %	61.6 %	47.2 %
EV/S	0.6	1.9	1.3	1.0	0.9						
EV/EBITDA (adj.)	3.8	13.3	11.3	7.7	6.3						
EV/EBIT (adj.)	5.9	18.2	15.4	12.4	9.1						
P/E (adj.)	0.0	27.4	15.0	13.0	9.5						
P/B	0.0	2.5	1.6	1.1	1.1						
Dividend-%		1.2 %	1.9 %	3.0 %	3.5 %						

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 €



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