

Harvia

Company report

8/6/2024



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✓ Inderes corporate customer

This report is a summary translation of the report “Yrityskauppa näyttää positiiviselta” published on 8/5/2024 at 7:03 pm EEST

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Acquisition looks positive

We see Harvia's recent acquisition as a positive step for the company's value. We have included ThermaSol in our forecasts, which in terms of EPS increased by 3-4% for 2025-26. As a result, we raise our target price to EUR 32 (was EUR 30), but we reiterate our Sell recommendation.

Harvia has acquired steam company ThermaSol, deal looks good

Harvia announced a couple of weeks ago that it would buy the steam shower and steam room company ThermaSol in the US, and the deal was completed at the end of July. In recent years, ThermaSol has achieved a revenue of just under 15 MEUR and an EBITDA margin of just under 20%, which is below Harvia's level. The transaction price was 30 MUSD. The debt-free transaction price is 30.4 MUSD, which values ThermaSol at 2023 multiples of EV/S 2.1x and EV/EBITDA 12.2x. The multiples paid for the acquisition target are not low, but clearly below Harvia's own multiples and the valuation picture turns more positive when we consider the strategic compatibility and Harvia's historical track record of the ability to raise the profitability of acquisition targets and/or grow companies after the transaction. We consider the deal to be strategically sound, as Harvia, which is strong in traditional heaters, has had a much weaker position in steam and infrared saunas, and thus strengthening these through an acquisition is in our opinion sensible and even expected. The US was already Harvia's largest market before the acquisition, and the deal will put Harvia in a better position to continue its growth there. Harvia already said at the Capital Markets Day in the spring that it is difficult to enter the steam segment organically, so we believe that an acquisition in this area is a logical step. We have discussed the transaction [in this comment](#). We have included ThermaSol in our forecasts in this report, raising e.g. the 2025 revenue forecast by 9% and the EPS forecast by 4%.

Q2 result to be announced on Thursday at around 9 am EEST

Harvia's revenue growth is expected to accelerate from around 3% in the last couple of quarters to over 10% in Q2. This is supported by a weak comparison period, postponed deliveries partly due to the port strike in the spring and continued strong growth outside Europe in our forecasts. On the other hand, overall consumer demand in Europe developed rather sluggishly in the spring. Both we and the consensus expect revenue to reach nearly 40 MEUR, an increase of just under 11%, almost entirely organic. In terms of EBIT, we also expect an improvement over the comparison period, with the margin forecast to remain around the good 22% level of the comparison period. In addition to the figures, the results announcement is likely to include details on the recent acquisition.

Valuation is high, expected return is poor, even though the company generates good value and cash flow

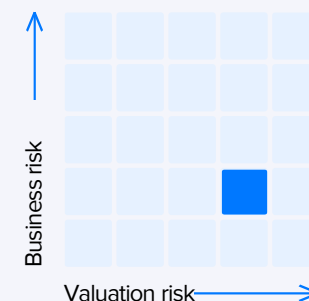
We find Harvia's valuation level (e.g. EV/EBIT 2024 19x, P/E 25x) high, although we consider the company's return on capital and its ability to allocate and generate cash flow excellent. In 2024-26, we expect Harvia to achieve annual organic EBIT growth of around 10%, accelerated by the recent acquisition. In addition, the investor receives a dividend yield of 2%. The company's current strong cash flow provides a cash-flow rate of some 5%. We believe that Harvia's capital allocation will continue to be value-creating, and thus channeling of cash into acquisitions and/or larger dividends will support the investor's expected return. We also see Harvia as a potential acquisition target, but with the current valuation, we find it quite expensive for the buyer. In the medium term, we believe that (organic) earnings growth will be limited to a good 5% growth in revenue. Overall, however, the expected return at this valuation level remains weak, especially on a 12-month horizon.

Recommendation

Sell
(previous Sell)

EUR 32.00
(previous EUR 30.00)

Share price:
36.50



Key figures

	2023	2024e	2025e	2026e
Revenue	151	167	191	209
growth-%	-13%	11%	15%	9%
EBIT adj.	33.7	37.3	43.2	47.5
EBIT-% adj.	22.4 %	22.4 %	22.6 %	22.7 %
Net Income	23.3	25.9	31.0	34.4
EPS (adj.)	1.28	1.43	1.69	1.86

P/E (adj.)	19.8	25.5	21.6	19.6
P/B	4.4	5.6	4.9	4.3
Dividend yield-%	2.7 %	2.0 %	2.2 %	2.7 %
EV/EBIT (adj.)	15.4	19.8	16.8	14.9
EV/EBITDA	13.2	17.0	14.4	12.9
EV/S	3.4	4.4	3.8	3.4

Source: Inderes

Guidance

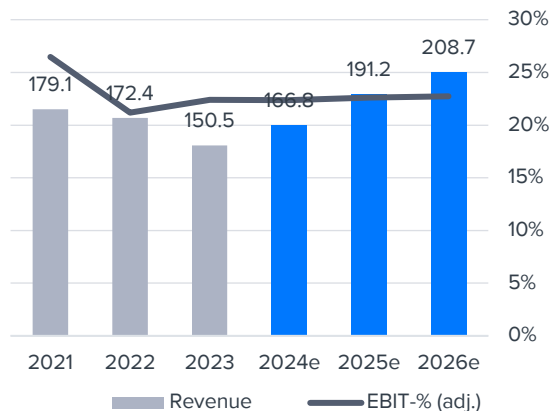
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Harvia does not publish a short-term outlook.

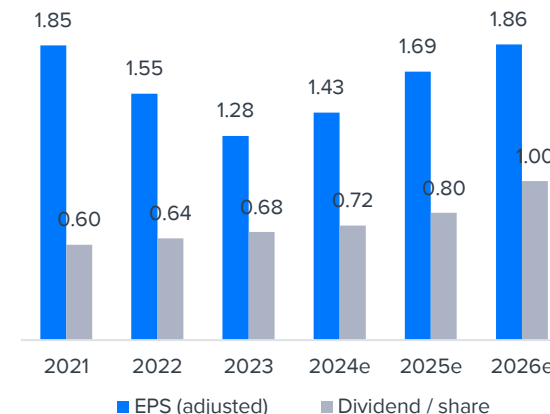
Share price



Revenue and EBIT-%



EPS and dividend



Value drivers

- Stably growing sauna and spa market in the longer term
- Leading market position and best profitability in the sector
- Strong cash flow and low investment need
- Revenue growth through complementing acquisitions and expansion of the reseller network



Risk factors

- Dependency on the Muurame plant
- Changes in the competitive field or position
- Economic fluctuations and fluctuations on the construction market may slow down growth
- Successful integration of acquisitions

Valuation	2024e	2025e	2026e
Share price	36.5	36.5	36.5
Number of shares, millions	18.7	18.7	18.7
Market cap	681	681	681
EV	739	724	707
P/E (adj.)	25.5	21.6	19.6
P/E	26.3	22.0	19.8
P/B	5.6	4.9	4.3
P/S	4.1	3.6	3.3
EV/Sales	4.4	3.8	3.4
EV/EBITDA	17.0	14.4	12.9
EV/EBIT (adj.)	19.8	16.8	14.9
Payout ratio (%)	51.8 %	48.2 %	54.2 %
Dividend yield-%	2.0 %	2.2 %	2.7 %

Source: Inderes

Q2 expected to show good growth over the comparison period

Strong growth expected for Q2

Harvia's revenue growth is expected to accelerate from around 3% in the last couple of quarters to over 10% in Q2. This is supported by a weak comparison period, postponed deliveries partly due to the port strike in the spring and continued strong growth outside Europe in our forecasts. On the other hand, overall consumer demand in Europe developed rather sluggishly in the spring. Both we and the consensus expect revenue to reach nearly 40 MEUR, an increase of just under 11%.

Earnings growth expected to follow revenue growth

In terms of EBIT, we also expect an improvement over the comparison period, with the margin forecast to remain around the good 22% level of the comparison period.

In addition to results, more information expected on recent ThermaSol deal

A few weeks ago, Harvia announced the acquisition of ThermaSol, a US manufacturer of steam showers and steam rooms. We expect Harvia to comment further on the acquisition in the Q2 earnings release. We particularly welcome comments on how Harvia sees the growth potential of ThermaSol as part of Harvia, both in the US and internationally.

Harvia has already stated in the acquisition release that steam solutions account for about 20% of the 800 MUSD sauna market in the US, i.e. 160 MUSD. ThermaSol, with a revenue of just under 15 MUSD, therefore has a market share of just under 10% on the steam side.

Estimates MEUR / EUR	Q2'23	Q2'24	Q2'24e	Q2'24e	Consensus		2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	35.8		39.7	39.6			167
EBITDA	9.3		10.2	10.5			43.4
EBIT (adj.)	8.0		8.7	-			37.3
EBIT	7.8		8.7	8.9			36.5
EPS (reported)	0.28		0.33	0.34			1.39
Revenue growth-%	-22.2 %		10.8 %	10.6 %			10.8 %
EBIT-% (adj.)	22.2 %		21.8 %				22.4 %

Source: Inderes & Bloomberg, 4 analysts (consensus)

Acquisition has been added to our forecasts

ThermaSol included in the forecasts

Harvia's acquisition of ThermaSol was completed at the end of July and the company is included in Harvia's figures from the beginning of August. Last year, ThermaSol achieved a revenue of approximately 13 MEUR with an EBITDA margin of just under 20%.

We have estimated that ThermaSol will grow in line with the market by about 5% this year and accelerate to more than 10% next year when Harvia starts to use the steam products in its international distribution network. On the earnings side, we expect Harvia to be able to slightly increase the profitability of ThermaSol and thus improve its results as sales increase and efficiency rises.

Harvia expects synergies of 1.7 MEUR from the transaction by 2027, which we believe includes both cost and sales synergies. Harvia has no previous

production on the steam side, so the synergies will focus on procurement, logistics, distribution, cross-selling and overheads.

If the synergies are realized, ThermaSol's profitability would improve significantly and the multiples of the transaction would also come down to attractive levels (EV/EBITDA 7.2x).

We have also included the small one-off costs of the acquisition (1.4 MEUR spread over 2024-26) in our projections.

Harvia financed the purchase price of just under 30 MEUR with a 20 MEUR loan and cash. By leveraging the strong balance sheet, we expect the transaction to have a positive impact on earnings per share. Even after the transaction, the balance sheet will remain quite strong at 1-1.5x net debt/ EBITDA.

Harvia has a good track record in acquisitions

Acquisitions are part of Harvia's growth strategy, and the current CEO has emphasized their role in the company's growth. In the past, the company has been able to improve the profitability of the acquired companies and grow them. This includes, in particular, AHS, which was acquired from the US in 2018. On the other hand, the number of acquisitions is still small, and one of them (Kirami) was not particularly successful. ThermaSol is also the first major transaction of the current CEO (as well as the new US leader) in Harvia. We have discussed previous acquisitions in our [extensive report](#) last fall.

No further forecast changes

We have not made any significant changes to our other forecasts, so the forecast changes largely reflect ThermaSol's impact on Harvia's figures.

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	Act.	%	Old	New	%	Old	New	%
Revenue	161	167	4%	176	191	9%	191	209	9%
EBITDA	42.4	43.4	2%	47.2	50.2	6%	51.6	54.8	6%
EBIT (exc. NRIs)	36.4	37.3	3%	40.9	43.2	6%	45.4	47.5	5%
EBIT	36.2	36.5	1%	40.9	42.7	4%	45.4	47.2	4%
EPS (excl. NRIs)	1.41	1.43	1%	1.63	1.69	4%	1.81	1.86	3%
DPS	0.72	0.72	0%	0.80	0.80	0%	1.00	1.00	0%

Source: Inderes

Acquisition supported fair value, valuation high

Valuation is high

We expect Harvia to grow significantly starting from this year until the 2030s, and the company has proven its quality even during the difficult past few years. Although we find Harvia's multiples high for the next few years, we note that we expect the company's earnings growth and good cash flow to push multiples down over the years. However, the high valuation keeps the expected return weak in our view. The new acquisition raised our forecasts and fair value estimate slightly higher.

Earnings-based valuation

At 2024 earnings, Harvia's EV/EBIT valuation is around 19x and P/E around 25x, which we consider high levels. The 2026 EV/EBIT is a good 14x, which is starting to be neutral. Harvia's historical valuation has been higher, but it is mainly due to the multiples of 2020-21 caused by the tremendous growth and share price rise. The valuation is supported by a return on capital of over 20% and considering both the good cash flow and rapidly strengthening balance sheet that provides opportunities for acquisitions and/or larger dividends.

With the P/E ratio, Harvia is priced at 25x with 2024 earnings, which translates into an earnings return of 4%. With the current share price and a gradually rising 50-60% payout ratio, Harvia offers a dividend yield of some 2%. We estimate that Harvia's free cash flow will be around 35 MEUR in the next few years, which at the current share price offers a cash-flow rate of approximately 5%. Together with the earnings growth in the next few years, the expected return is still around 10%, but highish multiples also already clearly price in future earnings growth. Compared to its peers, Harvia's multiples are at the top of the group

and clearly above average. We do not consider this fully justified despite the company's excellent quality.

The sale of Harvia's unlisted competitor Sauna 360 to US Masco in July 2023 offers one approach to the valuation. The EV/S ratio of the transaction was 1.5x and EV/EBIT was around 14x with last year's figures, while Harvia's corresponding ratios for this year are 4.3x and 19x. Harvia's clearly higher EV/S ratio is due to better profitability. Compared to the valuation level (EV/EBIT) of the transaction, Harvia's valuation is higher, but the companies are different in many respects. At the turn of 23/24, there was also another transaction in the industry when Kohler, a US-based company, acquired Harvia's rival Klafs. However, the figures for this transaction have not been published. We also believe that Harvia is a potential acquisition target for large players like Masco and Kohler, but the current valuation already sets the price very high considering a possible bid.

DCF model

In our DCF model, we expect the company's revenue and earnings to grow by some 6% in 2026-2032 (EBIT margin 22.5-24%). The terminal growth assumption is 2.5% and profitability is 22.5%. We have slightly lowered the DCF profitability assumptions due to ThermaSol's lower margin. We expect the level of investment to remain moderate throughout the decade, although investments are likely in the US.

The company's capital requirement is generally low and the return on capital is high, which enables strong cash flow and growth. So the expected growth can, in our opinion, be generated even with small investments. Our DCF model gives Harvia a debt-free value of about 650 MEUR, which means that the share capital is worth just under 600 MEUR, or about EUR 32 per share.

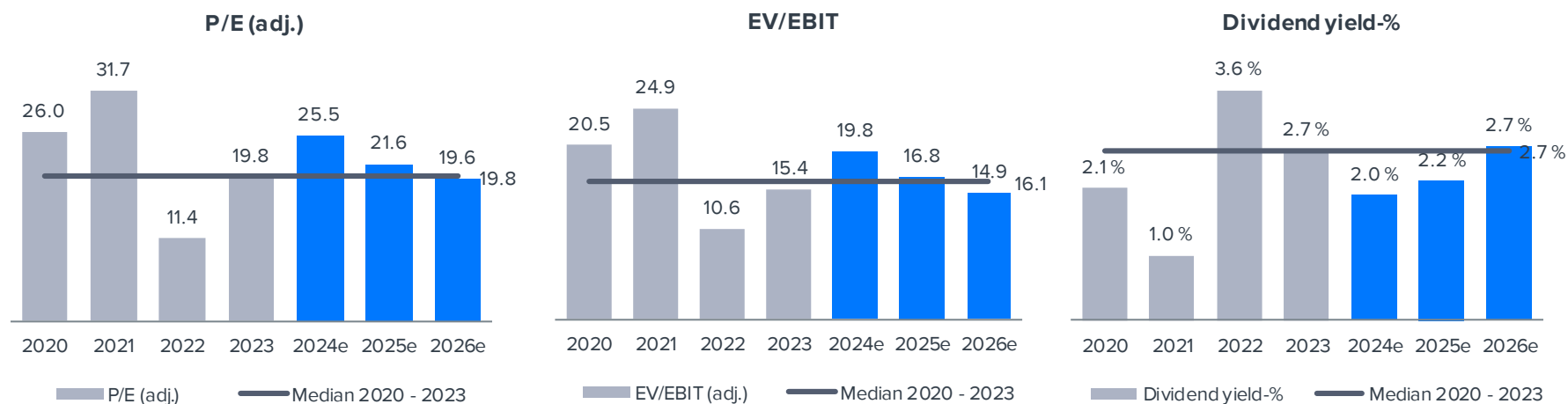
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Market cap	681	681	681
EV	739	724	707
P/E (adj.)	25.5	21.6	19.6
P/E	26.3	22.0	19.8
P/B	5.6	4.9	4.3
P/S	4.1	3.6	3.3
EV/Sales	4.4	3.8	3.4
EV/EBITDA	17.0	14.4	12.9
EV/EBIT (adj.)	19.8	16.8	14.9
Payout ratio (%)	51.8 %	48.2 %	54.2 %
Dividend yield-%	2.0 %	2.2 %	2.7 %

Source: Inderes

Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	10.6	24.5	58.7	17.7	25.5	36.5	36.5	36.5	36.5
Number of shares, millions	18.7	18.6	18.6	18.7	18.7	18.7	18.7	18.7	18.7
Market cap	198	457	1091	330	476	681	681	681	681
EV	224	503	1181	388	518	739	724	707	689
P/E (adj.)	19.5	26.0	31.7	11.4	19.8	25.5	21.6	19.6	17.7
P/E	20.6	29.5	32.4	12.2	20.4	26.3	22.0	19.8	17.7
P/B	2.9	6.9	13.5	3.4	4.4	5.6	4.9	4.3	3.8
P/S	2.7	4.2	6.1	1.9	3.2	4.1	3.6	3.3	3.1
EV/Sales	3.0	4.6	6.6	2.3	3.4	4.4	3.8	3.4	3.1
EV/EBITDA	13.6	18.8	22.5	9.2	13.2	17.0	14.4	12.9	11.7
EV/EBIT (adj.)	16.1	20.5	24.9	10.6	15.4	19.8	16.8	14.9	13.4
Payout ratio (%)	74%	61%	33%	44%	55%	52%	48%	54%	60%
Dividend yield-%	3.6 %	2.1 %	1.0 %	3.6 %	2.7 %	2.0 %	2.2 %	2.7 %	3.4 %

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	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Thule Group AB	2654	2807	19.6	16.7	16.7	14.6	3.4	3.2	25.0	21.2	3.3	3.6	4.2
Nobia AB	283	653	282.6	21.8	9.7	6.1	0.7	0.7		70.1	1.2	4.6	0.5
Dometic Group AB	1933	3161	12.5	10.7	8.8	7.8	1.4	1.3	14.9	11.1	2.8	3.6	0.8
Nokian Tyres plc	1130	1730	24.2	14.5	8.7	6.4	1.3	1.2	28.5	13.4	6.7	6.6	0.8
Rapala VMC Oyj	101	191	14.7	10.9	7.7	6.2	0.8	0.8	516.0	17.8	1.4	1.2	0.6
Husqvarna AB	3446	4562	12.2	10.0	7.4	6.4	1.1	1.0	14.4	11.1	4.5	4.8	1.6
Inwido AB	852	1014	14.3	11.8	10.0	8.6	1.3	1.3	18.2	14.1	3.6	3.9	2.0
Nibe Industrier AB	7556	9248	33.7	19.2	20.7	14.2	2.5	2.3	50.3	23.4	0.9	1.3	2.9
Technogym SpA	1873	1756	15.4	13.3	10.5	9.4	2.0	1.9	21.9	19.0	3.1	3.5	3.0
Rockwool A/S	8134	7895	12.6	12.4	8.9	8.7	2.1	2.0	16.9	16.7	1.8	1.9	2.7
Kingspan Group PLC	14684	15983	17.9	16.4	14.2	13.1	1.9	1.8	21.5	19.4	0.7	0.8	3.3
Electrolux AB	2198	4708	25.7	9.5	6.5	4.6	0.4	0.4		7.5	0.0	6.1	2.2
De' Longhi SpA	4027	3842	9.5	8.5	7.3	6.7	1.1	1.1	13.7	12.5	2.9	3.2	2.0
Tulikivi	24	32	8.1	10.8	5.4	5.4	0.9	0.9	10.5	10.5	4.8	4.8	1.3
Harvia (Inderes)	681	739	19.8	16.8	17.0	14.4	4.4	3.8	25.5	21.6	2.0	2.2	5.6
Average			35.9	13.3	10.2	8.4	1.5	1.4	62.7	19.1	2.7	3.6	2.0
Median			15.0	12.1	8.8	7.3	1.3	1.2	19.9	15.4	2.9	3.6	2.0
Diff-% to median			32%	38%	93%	99%	234%	213%	28%	41%	-31%	-39%	181%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	172	41.4	35.8	33.9	39.4	151	42.4	39.7	38.5	46.3	167	191	209	223
EBITDA	42.2	10.8	9.3	8.3	10.9	39.3	11.5	10.2	9.3	12.3	43.4	50.2	54.8	59.0
Depreciation	-7.5	-1.6	-1.5	-1.5	-1.7	-6.3	-1.6	-1.6	-1.8	-1.9	-6.9	-7.5	-7.6	-7.5
EBIT (excl. NRI)	36.5	9.3	8.0	6.8	9.6	33.7	10.1	8.7	7.8	10.7	37.3	43.2	47.5	51.4
EBIT	34.7	9.2	7.8	6.8	9.2	33.0	9.9	8.7	7.5	10.4	36.5	42.7	47.2	51.4
Net financial items	2.1	-0.9	-0.9	-0.7	-1.0	-3.5	-0.1	-0.7	-1.0	-1.0	-2.8	-2.5	-2.5	-1.6
PTP	36.8	8.3	6.9	6.1	8.2	29.5	9.8	8.0	6.5	9.4	33.7	40.3	44.7	49.9
Taxes	-8.7	-2.0	-1.7	-1.6	-1.0	-6.3	-2.3	-1.8	-1.5	-2.2	-7.8	-9.3	-10.3	-11.5
Minority interest	-1.0	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	27.1	6.3	5.3	4.5	7.2	23.3	7.5	6.1	5.0	7.3	25.9	31.0	34.4	38.4
EPS (adj.)	1.55	0.34	0.29	0.24	0.41	1.28	0.41	0.33	0.29	0.41	1.43	1.69	1.86	2.06
EPS (rep.)	1.45	0.34	0.28	0.24	0.39	1.25	0.40	0.33	0.27	0.39	1.39	1.66	1.84	2.06
Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	-3.8 %	-18.6 %	-22.2 %	-9.3 %	3.4 %	-12.7 %	2.4 %	10.8 %	13.3 %	17.4 %	10.8 %	14.6 %	9.2 %	6.8 %
Adjusted EBIT growth-%	-23.1 %	-22.9 %	-7.5 %	-12.0 %	19.5 %	-7.6 %	8.4 %	8.7 %	14.3 %	11.9 %	10.7 %	15.9 %	9.8 %	8.3 %
EBITDA-%	24.5 %	26.0 %	26.0 %	24.5 %	27.5 %	26.1 %	27.2 %	25.7 %	24.2 %	26.7 %	26.0 %	26.3 %	26.2 %	26.4 %
Adjusted EBIT-%	21.2 %	22.5 %	22.2 %	20.1 %	24.4 %	22.4 %	23.8 %	21.8 %	20.3 %	23.2 %	22.4 %	22.6 %	22.7 %	23.1 %
Net earnings-%	15.7 %	15.3 %	14.7 %	13.2 %	18.3 %	15.5 %	17.7 %	15.4 %	13.0 %	15.7 %	15.5 %	16.2 %	16.5 %	17.2 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	118	115	139	137	135
Goodwill	73.4	73.4	91.4	91.4	91.4
Intangible assets	10.5	8.7	8.9	9.1	9.3
Tangible assets	29.2	29.4	35.6	33.1	31.4
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	3.9	2.4	2.4	2.4	2.4
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	1.4	1.0	1.0	1.0	1.0
Current assets	90.3	99.4	81.3	92.5	101
Inventories	45.3	35.5	40.0	45.9	50.1
Other current assets	1.0	4.6	4.6	4.6	4.6
Receivables	18.7	18.7	21.7	24.9	27.1
Cash and equivalents	25.3	40.6	15.0	17.2	18.8
Balance sheet total	209	214	221	230	236

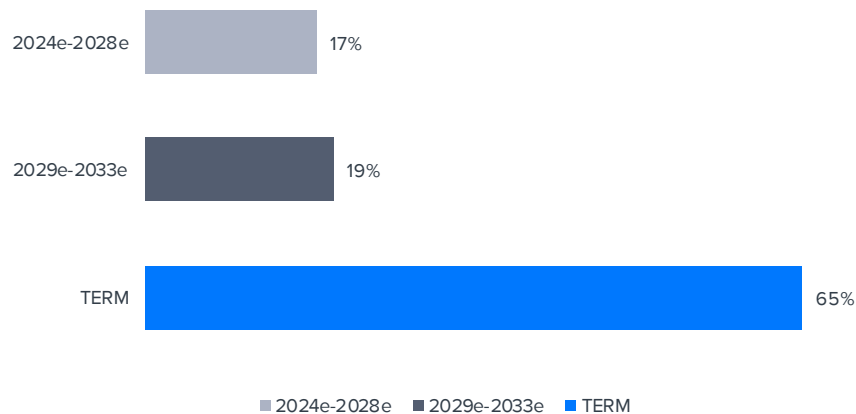
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	98.4	109	122	139	159
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	63.8	75.1	88.3	106	125
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	33.4	32.4	32.4	32.4	32.4
Minorities	1.1	1.1	1.1	1.1	1.1
Non-current liabilities	84.6	80.8	68.9	56.6	42.4
Deferred tax liabilities	1.7	1.2	1.2	1.2	1.2
Provisions	2.0	2.0	2.0	2.0	2.0
Interest bearing debt	77.3	77.4	65.5	53.2	39.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	3.6	0.2	0.2	0.2	0.2
Current liabilities	25.8	24.7	29.8	33.5	34.7
Interest bearing debt	2.6	0.8	1.1	1.9	0.6
Payables	18.7	18.0	23.3	26.8	29.2
Other current liabilities	4.5	5.9	5.4	4.9	4.9
Balance sheet total	209	214	221	230	236

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-12.7 %	10.8 %	14.6 %	9.2 %	6.8 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	2.5 %	2.5 %
EBIT-%	21.9 %	21.9 %	22.4 %	22.6 %	23.1 %	22.5 %	22.5 %	22.5 %	22.5 %	22.5 %	22.5 %	22.5 %
EBIT (operating profit)	33.0	36.5	42.7	47.2	51.4	53.2	56.4	59.7	63.3	67.1	68.8	
+ Depreciation	6.3	6.9	7.5	7.6	7.5	7.6	7.9	8.4	8.7	9.2	9.9	
- Paid taxes	-6.4	-7.8	-9.3	-10.3	-11.5	-12.0	-12.9	-13.7	-14.6	-15.5	-15.8	
- Tax, financial expenses	-0.7	-0.7	-0.6	-0.6	-0.4	-0.2	-0.1	0.0	0.0	0.0	0.0	
+ 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	6.9	-2.7	-6.1	-4.0	-3.3	-3.1	-3.3	-3.5	-3.7	-3.9	-1.7	
Operating cash flow	39.1	32.2	34.3	39.9	43.9	45.5	48.1	50.9	53.8	57.0	61.2	
+ Change in other long-term liabilities	-3.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-3.2	-31.2	-5.2	-6.1	-6.9	-7.7	-8.6	-9.6	-10.8	-12.0	-12.0	
Free operating cash flow	32.5	1.0	29.1	33.8	36.9	37.8	39.4	41.3	43.0	44.9	49.1	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	32.5	1.0	29.1	33.8	36.9	37.8	39.4	41.3	43.0	44.9	49.1	882
Discounted FCFF		1.0	26.0	27.9	28.3	26.7	25.7	24.9	24.0	23.2	23.4	420
Sum of FCFF present value		651	650	624	596	568	541	516	491	467	444	420
Enterprise value DCF		651										
- Interest bearing debt		-78										
+ Cash and cash equivalents		41										
-Minorities		-6										
-Dividend/capital return		-13										
Equity value DCF		595										
Equity value DCF per share		31.9										

Cash flow distribution



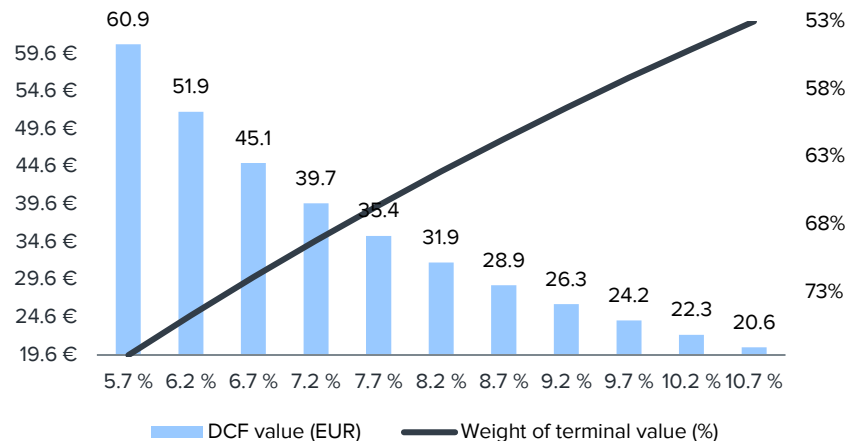
WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	5.0 %
Equity Beta	1.3
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.7 %
Weighted average cost of capital (WACC)	8.2 %

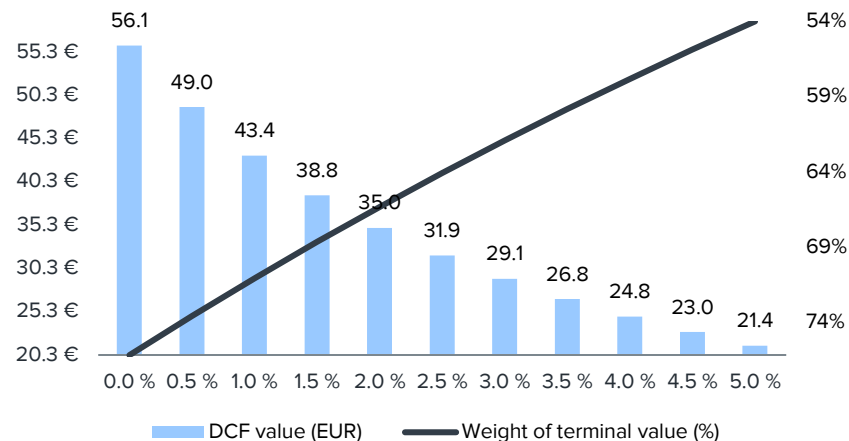
Source: Inderes

DCF sensitivity calculations and key assumptions in graphs

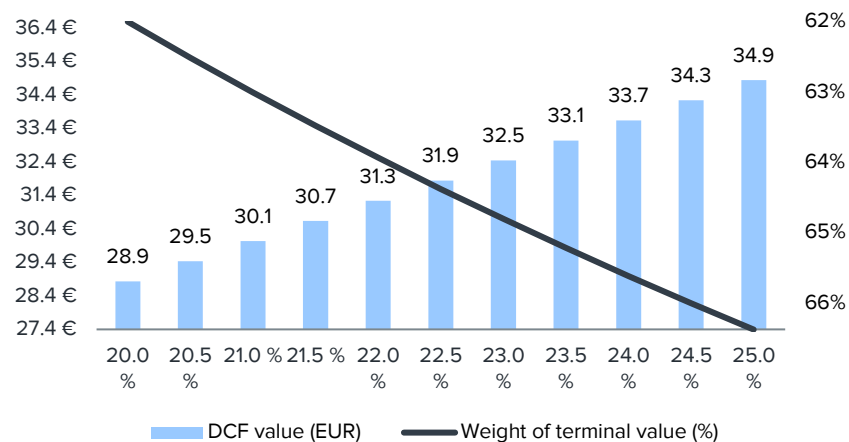
Sensitivity of DCF to changes in the WACC-%



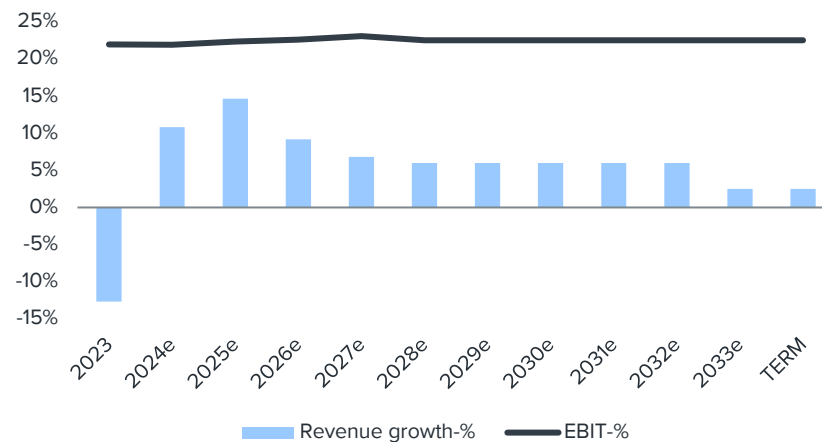
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	179.1	172.4	150.5	166.8	191.2	EPS (reported)	1.81	1.45	1.25	1.39	1.66
EBITDA	52.5	42.2	39.3	43.4	50.2	EPS (adj.)	1.85	1.55	1.28	1.43	1.69
EBIT	46.6	34.7	33.0	36.5	42.7	OCF / share	1.14	1.39	2.09	1.73	1.84
PTP	45.2	36.8	29.5	33.7	40.3	FCF / share	0.51	-0.32	1.74	0.05	1.56
Net Income	33.7	27.1	23.3	25.9	31.0	Book value / share	4.33	5.21	5.76	6.47	7.41
Extraordinary items	-0.8	-1.8	-0.7	-0.8	-0.5	Dividend / share	0.60	0.64	0.68	0.72	0.80
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	201.5	208.7	214.3	220.6	229.5	Revenue growth-%	64%	-4%	-13%	11%	15%
Equity capital	84.1	98.4	108.7	121.9	139.5	EBITDA growth-%	97%	-20%	-7%	10%	16%
Goodwill	73.7	73.4	73.4	91.4	91.4	EBIT (adj.) growth-%	94%	-23%	-8%	11%	16%
Net debt	40.9	54.6	37.6	51.5	37.8	EPS (adj.) growth-%	97%	-16%	-17%	11%	18%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	29.3 %	24.5 %	26.1 %	26.0 %	26.3 %
EBITDA	52.5	42.2	39.3	43.4	50.2	EBIT (adj.)-%	26.5 %	21.2 %	22.4 %	22.4 %	22.6 %
Change in working capital	-21.3	-7.5	6.9	-2.7	-6.1	EBIT-%	26.0 %	20.1 %	21.9 %	21.9 %	22.4 %
Operating cash flow	21.1	26.0	39.1	32.2	34.3	ROE-%	45.8 %	30.5 %	22.7 %	22.7 %	23.9 %
CAPEX	-21.9	-7.4	-3.2	-31.2	-5.2	ROI-%	35.2 %	21.8 %	18.1 %	19.5 %	22.3 %
Free cash flow	9.4	-6.0	32.5	1.0	29.1	Equity ratio	41.8 %	47.1 %	50.7 %	55.3 %	60.8 %
						Gearing	48.7 %	55.5 %	34.6 %	42.3 %	27.1 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	6.6	2.3	3.4	4.4	3.8						
EV/EBITDA	22.5	9.2	13.2	17.0	14.4						
EV/EBIT (adj.)	24.9	10.6	15.4	19.8	16.8						
P/E (adj.)	31.7	11.4	19.8	25.5	21.6						
P/B	13.5	3.4	4.4	5.6	4.9						
Dividend-%	1.0 %	3.6 %	2.7 %	2.0 %	2.2 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
11/26/2020	Buy	22.00 €	19.10 €
2/12/2021	Accumulate	33.00 €	30.00 €
4/18/2021	Buy	45.00 €	33.65 €
5/6/2021	Accumulate	47.00 €	42.25 €
5/31/2021	Accumulate	52.00 €	46.05 €
7/17/2021	Accumulate	62.00 €	58.20 €
8/12/2021	Accumulate	64.00 €	59.00 €
9/2/2021	Buy	64.00 €	53.30 €
11/5/2021	Accumulate	65.00 €	60.00 €
<i>Analyst changed</i>			
1/27/2022	Buy	57.00 €	44.20 €
2/10/2022	Buy	51.00 €	39.20 €
3/11/2022	Buy	42.00 €	34.15 €
5/5/2022	Buy	42.00 €	32.22 €
7/20/2022	Accumulate	27.00 €	24.00 €
<i>Analyst changed</i>			
8/12/2022	Accumulate	22.00 €	19.93 €
9/9/2022	Buy	20.00 €	15.23 €
11/4/2022	Buy	20.00 €	15.46 €
12/19/2022	Accumulate	21.00 €	18.33 €
2/10/2023	Reduce	22.00 €	22.10 €
5/5/2023	Reduce	24.00 €	25.06 €
5/29/2023	Accumulate	24.00 €	22.14 €
8/11/2023	Accumulate	24.00 €	22.00 €
9/13/2023	Accumulate	25.50 €	24.00 €
11/3/2023	Accumulate	25.00 €	23.50 €
12/11/2023	Reduce	25.00 €	25.48 €
2/9/2024	Sell	28.00 €	32.60 €
5/6/2024	Sell	30.00 €	38.60 €
8/6/2024	Sell	32.00 €	36.50 €



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