

# Revenio Group

## Company report

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**Juha Kinnunen**  
+358 50 5411368  
juha.kinnunen@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report "Arvostus olisi vaatinut täydellisyyttä" published on 08/06/2021 at 7:53 am

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# Valuation would have required perfection

We reiterate our EUR 65.0 target price for Revenio but lower our recommendation to Reduce (previously Accumulate) after a weaker than expected Q2 result. Net sales growth was excellent, and the company also raised its net sales guidance for the full year, but profitability was clearly below estimates in Q2. Some of the reasons behind this were rapidly passing but our earnings estimates did, however, decrease by 5-10%. The share was already priced for perfection, so we do not feel there is justification for additional purchases at the current valuation.

## Result below expectations

Revenio's sales performed excellently in Q2, and exchange rate-adjusted net sales leaped upwards by as much as 43%. As expected, growth was clearly fastest in imaging devices whose sales practically plummeted temporarily in the Q2'20 comparison period due to COVID. Comparison levels improve clearly towards the end of the year, which probably also means that growth figures normalize to lower levels. Growth exceeded expectations but profitability was quite far from expectations in Q2. EBIT margin stood at 24% while our estimate was 32%. The exceptionally large deviation was caused by negative exchange rate development and unusually high personnel costs, but also the product sales mix was weaker than before as sales focused more on imaging devices. In these, gross margins are clearly lower than for tonometers. EPS was EUR 0.13 in Q2 while the consensus and our estimate was EUR 0.16.

## Net sales guidance raised but earnings estimates fell

Revenio raised its net sales guidance and now expects exchange rate adjusted net sales to grow very strongly where the word "very" is new. The company still expects profitability to remain at "a good level" without non-recurring items. H2 net sales growth will be more moderate than in H1 (reported +39%, exchange rate adjusted +44%) as the comparison levels strengthened clearly as the year progressed. Especially tonometer sales was unusually strong in Q4 and growth still focuses on imaging devices. We raised our growth estimates a bit and now expect 2021 net sales growth to amount to 31% (previously 30%). The growth figure would require some 26% growth in H2, which should be doable as the demand outlook is stable. On the other hand, we lowered our profitability estimates, especially our estimates of imaging devices' gross margins. Our 2021 earnings estimates decreased by around 10% (Q2 earnings disappointment had a crucial effect) and our estimates for the next few years by some 5-7%. We still expect very strong earnings growth from Revenio and estimate that EPS will grow by some 34% annually in 2021-2024e. So the earnings growth expectations are still extremely high.

## Timeout due to valuation

A single result disappointment has no effect on Revenio being an excellent company and value creator that historically has been foolish to jump off. Right now, the valuation of the share is, however, extremely challenging also relative to the excellent long-term outlook, and the long-term PEG we use is around 2.5x (previous update 2.1x). With conventional multiples we must look to 2023 when the P/E drops below 50x. The 2023 EV/EBIT of 35x is reasonable for a rapidly growing quality company but before that a lot of earnings growth is required. There is a limit for every company where even an excellent company can become a muted investment. We feel the current valuation is too high for additional purchases and we feel it is time for a timeout when it comes to Revenio.

## Recommendation

**Reduce**  
(previous Accumulate)

**EUR 65.00**  
(previous EUR 65.00)

**Share price:**  
64.80



## Key indicators

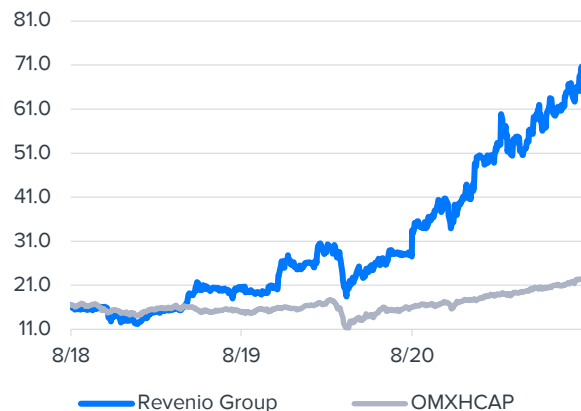
	2020	2021e	2022e	2023e
<b>Net sales</b>	61	80	103	132
<b>growth %</b>	23%	31%	29%	28%
<b>EBIT adjusted</b>	19.2	24.7	34.9	47.9
<b>EBIT % adjusted</b>	31.4%	30.9%	33.7%	36.2%
<b>Net profit</b>	13.3	18.1	26.1	35.9
<b>EPS (adj.)</b>	0.58	0.75	1.02	1.39
<b>P/E (adjusted)</b>	86.6	87.0	63.3	46.7
<b>P/B</b>	19.2	21.9	18.3	15.0
<b>Dividend yield %</b>	0.6%	0.6%	0.8%	1.0%
<b>EV/EBIT (adjusted)</b>	69.5	69.9	49.2	35.3
<b>EV/EBITDA</b>	61.5	67.4	47.1	34.0
<b>EV/Sales</b>	21.9	21.6	16.6	12.8

Source: Inderes

## Guidance (Improved)

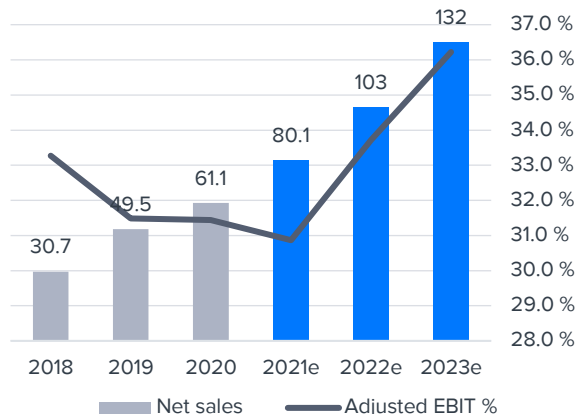
Revenio Group's exchange rate-adjusted net sales are estimated to grow very strongly from the previous year and profitability is to remain at a good level without non-recurring items. COVID-19 pandemic continues to cause uncertainty related to the markets.

## Share price



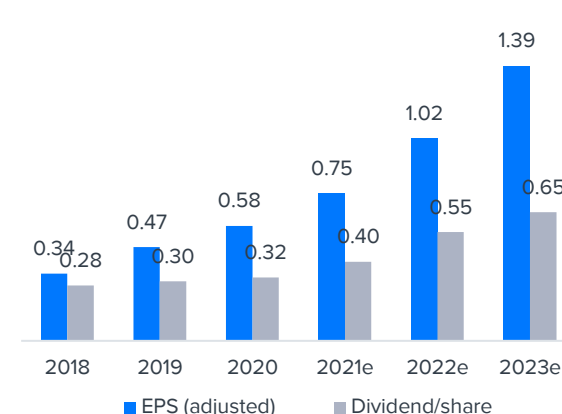
Source: Thomson Reuters

## Revenue and EBIT %



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- Very strong earnings growth outlook in next few years
- Generally good predictability of the result and cash flow
- Strong competitive protection and growth drivers supporting
- Attractive long-term growth potential in new products
- Excellent track record of value creation



## Risk factors

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

Valuation	2021e	2022e	2023e
Share price	64.8	64.8	64.8
Number of shares, millions	26.7	26.7	26.7
Market cap	1,729	1,729	1,729
EV	1,729	1,714	1,692
P/E (adj.)	87.0	63.3	46.7
P/E	95.6	66.3	48.2
P/FCF	>100	66.0	46.9
P/B	21.9	18.3	15.0
P/S	21.6	16.7	13.1
EV/Sales	21.6	16.6	12.8
EV/EBITDA	67.4	47.1	34.0
EV/EBIT (adj.)	69.9	49.2	35.3
Payout ratio (%)	59.0 %	56.2 %	48.3 %
Dividend yield-%	0.6 %	0.8 %	1.0 %

Source: Inderes

# Result below expectations

## Sales performing excellently

Net sales stood at EUR 18.9 million growing by 37.9% from the comparison period. Adjusted for exchange rates, growth would have been 43.0% which better depicts the excellent sales development. It should, however, be noted that in the Q2'20 comparison period imaging device sales practically plummeted temporarily. Therefore, it is logical that the biggest growth figures also came from imaging devices. Especially here comparison levels improved considerably towards the end of the year, which also means growth figures will normalize to lower levels. In this sense, Q2 was an unusual period.

However, strong growth was still broad-based in Q2 and there was no particular weak link. According to the company, sales was good in many key markets. On the Asian markets, sales was burdened by the fact that several Asian countries have had COVID-19 restrictions. In general, sales is performing excellently as we speak, there is plenty of demand, and Revenio's product portfolio is highly competitive.

## Clear hiccup in profitability

Q2 EBIT was only EUR 4.4 million, which was clearly below our EUR 5.5 million estimate and the consensus that was at the same level. EBIT margin stood at 23.5% while our estimate was 31.7%. The biggest deviation (EUR 1.1 million) was the result of many factors. According to the company, negative exchange rate development affected the result by EUR 0.7 million and personnel costs were unusually high in the period. In addition, the sales mix of products was weaker than before as sales focused more on imaging devices where the gross margins are clearly lower than in tonometers.

The result disappointment is explained by these factors but, e.g., in terms of the gross margin the situation is not an easy fix. We have lowered our gross margin assumption for imaging devices which has a negative effect on our profitability estimates. Despite the result disappointment earnings growth from the Q2'20 comparison period amounted to some 29%, which is an excellent level. The market has, however, set the bar really high for Revenio which the company was not able to cross this time.

## Oculo's contribution

Oculo's result contribution in Q2 was clearly negative as expected. Oculo's contribution to Revenio's figures from April 28 to June 30, 2021, was EUR 0.3 million in net sales and EUR -0.4 million in EBIT. So there was more loss in the period than net sales, which is natural for a young SaaS company in an early growth stage. It is important for investors to recognize these investments when examining the profitability of the core business.

During H1, Oculo has generated EUR 0.6 million in net sales and EUR -0.9 million in EBIT (only part of Revenio for some of this time). Revenio has already earlier said that Oculo's operational development costs will depress the company's relative profitability in 2021 and 2022. We estimate that in 2021, Oculo's result contribution will be around EUR 2 million negative which would mean a hit of some 2.5% on the EBIT margin. We feel this is a very justified investment in strategic terms which Oculo will repay manifold in future if it is successful.

Estimates MEUR / EUR	Q2'20	Q2'21	Q2'21e	Q2'21e	Consensus		Difference (%)	2021e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	13.7	18.9	18.4	18.2	17.9	18.7	2%	80.1
EBIT (adj.)	3.7	4.7	5.8	5.6	5.3	5.8	-20%	24.7
EBIT	3.4	4.4	5.5	5.5	5.1	5.7	-21%	22.9
EPS (reported)	0.10	0.13	0.16	0.16	0.15	0.17	-20%	0.76
Revenue growth-%	15.9 %	37.9 %	34.7 %	33.0 %	30.9 %	36.8 %	3.2 pp	31.3 %
EBIT-% (adj.)	27.3 %	24.9 %	31.7 %	30.9 %	29.6 %	31.0 %	-6.8 pp	30.9 %

Source: Inderes & Infront (consensus)

# Net sales guidance raised but earnings estimates fell

## Net sales guidance raised

The night before publishing the result Revenio updated its 2021 guidance. According to the new guidance Revenio Group's exchange rate-adjusted net sales will grow "very" strongly from the previous year and profitability will remain at "a good level" without non-recurring items. According to the company, the COVID-19 pandemic continues to cause uncertainty related to the markets. New in the guidance is the word "very" when describing the strength of net sales growth. Otherwise the guidance is in practice the same as the guidance issued on April 23, 2021.

Revenio's guidance is not very informative because the line between very strong growth and strong growth is not clear. We previously expected Revenio's net sales growth in 2021 to be 30% which can be within the limits of the current guidance. H2 net sales growth will in any case be clearly more moderate than in H1 (+39.2% / 43.7%) as the comparison levels are substantially stronger. We only raised our growth estimates a bit and now expect Revenio's net sales growth to amount to 31% this year.

The growth figure is still excellent and would require around 26% growth in H2. Considering the guidance, it should be noted that Revenio's guidance concerns exchange rate-adjusted growth. This growth figure is higher than the reported growth we estimate.

## Pressure also on the cost side

There were bigger changes in the earnings estimates where the Q2 result disappointment plays an important role. We have lowered our gross margin estimates for imaging devices and expect imaging device sales to play a key role also in H2. This is reflected negatively in profitability expectations. We do, however, expect Revenio's gross margin to be excellent at around 70%. We have also raised our personnel cost estimates to reflect recruitment and the inclusion of Oculo's personnel. We also included a small safety margin in terms of cost inflation even though we believe the effects have been limited thus far and the company has been able to lock its prices at relatively sensible levels.

We now expect Revenio's EBIT margin to be around 29% in 2021 (previously 32%). This would still be an improvement from 2020 but a majority of the

"economies of scale" achieved (higher volume in higher-margin products) would flow to Oculo's investments. Due to high gross margins, Revenio's net sales growth typically flows effectively to the result but this year the effect is diluted by the Oculo acquisition and increased costs.

## Estimates for next few years also lowered slightly

We also made small adjustments to profitability estimates for the next couple of years even though we expect the company will be able to catch up with cost inflation with price increases. The estimates were, however, stretched high, i.e., they require excellent performance as a whole. Earnings estimates for the next few years were cut by 5-7% (see table).

Despite the downward estimate revisions we still expect exceptionally strong earnings growth from Revenio in coming years. We estimate that EPS will continue growing by some 34% in 2021-2024e. Despite the changes, the main drivers for the estimates are still the same that we explained in our relatively recent [company report](#).

Estimate revisions	2021e	2021e	Change	2022e	2022e	Change	2023e	2023e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	79.3	80.1	1%	103	103	1%	131	132	1%
EBITDA	28.2	25.7	-9%	38.6	36.4	-6%	51.8	49.8	-4%
EBIT (excl. NRIs)	27.2	24.7	-9%	37.1	34.9	-6%	50.3	47.9	-5%
EBIT	25.4	22.9	-10%	35.9	33.7	-6%	49.1	46.7	-5%
PTP	25.4	22.8	-10%	35.5	33.1	-7%	48.7	46.0	-6%
EPS (excl. NRIs)	0.82	0.75	-10%	1.10	1.02	-7%	1.47	1.39	-6%
DPS	0.40	0.40	0%	0.55	0.55	0%	0.65	0.65	0%

# Valuation would have required perfection

## Timeout due to valuation

Revenio's valuation is extremely high with all indicators but for the star of Nasdaq Helsinki this is expected. Currently with 2021 estimates the P/E multiple is around 87x which is starting to be hard to justify even with the predicted extremely fast earnings growth (EPS growth around 34% 2021-2024e CAGR). With conventional multiples we have to look to 2023 when the P/E drops below 50x. The 2023e EV/EBIT of 35x is reasonable for a rapidly growing quality company but before that a lot of earnings growth is required.

Revenio forms a challenge for investors because it has historically been foolish to jump off a strong continuous value creator. High multiples do fall when strong growth accumulates and over time the share will gain new upside. There is also a clear risk that valuation multiples simply continue rising or that the company makes, e.g., a M&A transaction that generates considerable value. There is, however, a limit for every company where even an excellent company can become a muted investment. We feel Revenio's current valuation is too high for additional purchases, and we lower our recommendation to Reduce (previously Accumulate). We do, however, reiterate our EUR 65.0 target price.

## Valuation relative to earnings growth

We value Revenio primarily based on the PEG multiple that is suitable for companies with very strong profitable growth. We apply the PEG multiple to the estimated earnings growth of the next three years, which gives a stabler result. We use the 2022-2024 estimates and 2021e P/E ratio to calculate the PEG multiple at this point. With this calculation method,

Revenio's PEG multiple is now 2.5x as the share price has risen and estimates decreased. In the previous update the corresponding multiple was 2.1x and we considered it high but justified at that time.

We feel the current valuation is not unreasonable considering the excellent track-record, strong structural long-term growth drivers, and the company's deep moats (patents, brand, typically slow-moving industry, and high threshold for entering the industry). The risk level of the business is moderate due to the defensiveness of the industry and the company's strong competitive advantages. Investors still carry a considerable risk related to very strong earnings growth estimates and unusually high valuation multiples as Revenio's predictability also starts decreasing when looking further than three years ahead. The estimate risk is significant especially for the iCare HOME 2 product.

## DCF calculation

Our DCF calculation gives Revenio's share a value of around EUR 66 with aggressive assumptions. The DCF value is driven especially by high assumptions of long-term growth and profitability and even if the visibility is exceptionally good for Revenio there is naturally a lot of uncertainty related to the estimates reaching past 10 years. The weight of the terminal period (77%) is very high and emphasizes the high expectations loaded into the share in the long term.

In the DCF valuation we have used 6.3% as the cost of equity and WACC is 6.0%. Both are very low but justifiable for Revenio in the current situation. At the current valuation level investors must, however, accept a very moderate return expectation as the return requirement is also low.

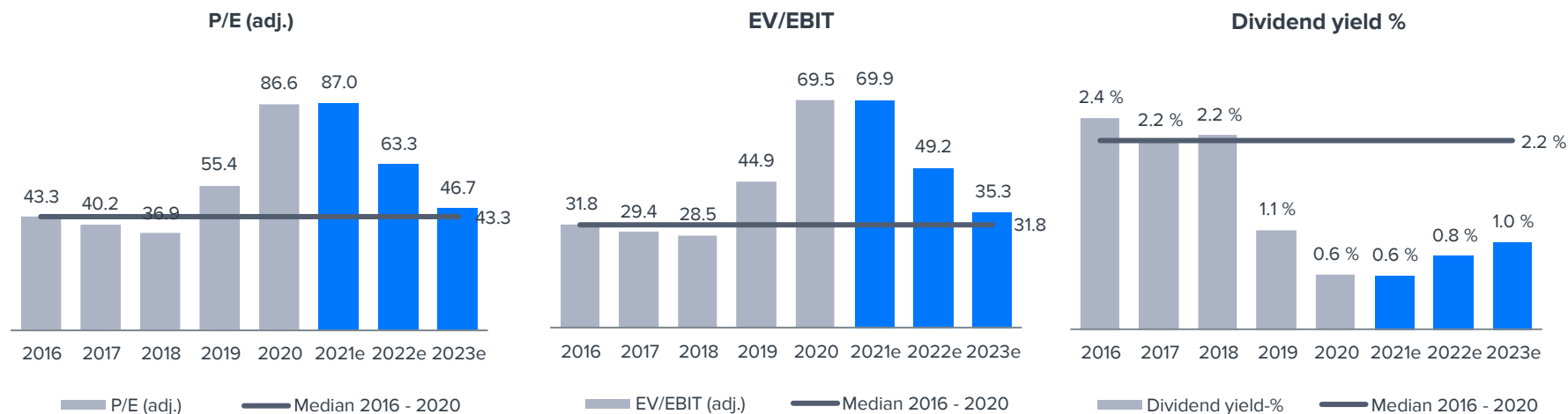
Valuation	2021e	2022e	2023e
Share price	64.8	64.8	64.8
Number of shares, millions	26.7	26.7	26.7
Market cap	1729	1729	1729
EV	1729	1714	1692
P/E (adj.)	87.0	63.3	46.7
P/E	95.6	66.3	48.2
P/FCF	>100	66.0	46.9
P/B	21.9	18.3	15.0
P/S	21.6	16.7	13.1
EV/Sales	21.6	16.6	12.8
EV/EBITDA	67.4	47.1	34.0
EV/EBIT (adj.)	69.9	49.2	35.3
Payout ratio (%)	59.0 %	56.2 %	48.3 %
Dividend yield-%	0.6 %	0.8 %	1.0 %

Source: Inderes

# Valuation table

Valuation	2016	2017	2018	2019	2020	2021e	2022e	2023e	2024e
Share price	10.2	12.0	12.6	26.3	50.3	64.8	64.8	64.8	64.8
Number of shares, millions	23.9	23.9	23.9	26.0	26.6	26.7	26.7	26.7	26.7
Market cap	243	287	301	697	1337	1729	1729	1729	1729
EV	224	279	290	700	1335	1729	1714	1692	1661
P/E (adj.)	43.3	40.2	36.9	55.4	86.6	87.0	63.3	46.7	35.9
P/E	43.3	42.0	36.9	73.0	>100	95.6	66.3	48.2	36.9
P/FCF	52.7	39.8	36.0	neg.	>100	>100	66.0	46.9	35.0
P/B	15.4	18.0	16.6	10.8	19.2	21.9	18.3	15.0	11.9
P/S	10.4	10.7	9.8	14.1	21.9	21.6	16.7	13.1	10.3
EV/Sales	9.6	10.4	9.5	14.1	21.9	21.6	16.6	12.8	9.9
EV/EBITDA	29.0	27.4	27.1	47.9	61.5	67.4	47.1	34.0	25.8
EV/EBIT (adj.)	31.8	29.4	28.5	44.9	69.5	69.9	49.2	35.3	26.7
Payout ratio (%)	105.1 %	90.9 %	82.3 %	85.1 %	63.7 %	59.0 %	56.2 %	48.3 %	65.0 %
Dividend yield-%	2.4 %	2.2 %	2.2 %	1.1 %	0.6 %	0.6 %	0.8 %	1.0 %	1.8 %

Source: Inderes



# Peer group valuation

Peer group valuation Company	Share price	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%	
				2021e	2022e	2021e	2022e	2021e	2022e	2021e	2022e	2021e	2022e
Cooper Companies	413.10	17233	18612	29.8	26.7	23.1	20.8	7.7	7.2	31.1	28.2	0.0	0.0
Ametek	137.41	26709	28882	27.2	24.1	22.3	19.7	6.3	5.8	29.4	26.1	0.6	0.6
Halma	2955.00	13203	13476	41.9	37.8	35.2	32.0	8.7	7.9	52.0	48.0	0.6	0.6
Topcon	1663.00	1388	1605			17.4	10.7	1.6	1.4	183.8	32.0	0.3	1.2
Medtronic	128.22	145780	159084	26.6	20.5	23.3	18.5	6.3	5.7	29.6	22.6	1.8	1.9
EssilorLuxottica SA	166.92	73573	75927	24.8	22.6	17.7	15.3	4.1	3.7	35.4	30.4	1.5	1.6
Carl Zeiss Meditec	197.55	17460	17633	49.9	48.2	42.7	41.1	10.8	9.9	74.0	71.0	0.4	0.5
Ambu	230.60	7136	7183	122.6	82.7	81.9	59.0	13.2	10.8	195.4	121.4	0.1	0.2
Demand	393.40	12617	13704	31.7	28.6	23.9	22.4	5.6	5.2	39.2	34.3		
Optomed	15.35	253	250				238.5	16.1	14.0				
<b>Revenio Group (Inderes)</b>	<b>64.80</b>	<b>1729</b>	<b>1729</b>	<b>69.9</b>	<b>49.2</b>	<b>67.4</b>	<b>47.1</b>	<b>21.6</b>	<b>16.6</b>	<b>87.0</b>	<b>63.3</b>	<b>0.6</b>	<b>0.8</b>
<b>Average</b>				<b>44.3</b>	<b>36.4</b>	<b>31.9</b>	<b>47.8</b>	<b>8.0</b>	<b>7.1</b>	<b>74.4</b>	<b>46.0</b>	<b>0.7</b>	<b>0.8</b>
<b>Median</b>				<b>30.8</b>	<b>27.7</b>	<b>23.3</b>	<b>21.6</b>	<b>7.0</b>	<b>6.5</b>	<b>39.2</b>	<b>32.0</b>	<b>0.5</b>	<b>0.6</b>
<b>Diff-% to median</b>				<b>127%</b>	<b>78%</b>	<b>189%</b>	<b>118%</b>	<b>209%</b>	<b>156%</b>	<b>122%</b>	<b>98%</b>	<b>26%</b>	<b>35%</b>

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



# Income statement

Income statement	2018	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21	Q3'21e	Q4'21e	2021e	2022e	2023e	2024e
<b>Revenue</b>	<b>30.7</b>	<b>49.5</b>	<b>11.9</b>	<b>13.7</b>	<b>15.8</b>	<b>19.7</b>	<b>61.1</b>	<b>16.7</b>	<b>18.9</b>	<b>20.4</b>	<b>24.1</b>	<b>80.1</b>	<b>103</b>	<b>132</b>	<b>167</b>
Tonometers (estimate)	30.6	34.5	8.6	10.1	10.2	12.9	41.8	11.8	13.0	12.6	15.1	52.5	66.7	88.8	116
Imaging devices (estimate)	0.0	14.8	3.3	3.5	5.5	6.8	19.1	4.9	5.5	7.4	8.5	26.3	33.1	38.4	44.6
Oculo (estimate)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.4	1.0	3.0	5.0	7.0
Other products (estimate)	0.1	0.1	0.0	0.1	0.1	0.0	0.2	0.1	0.1	0.1	0.1	0.4	0.6	0.0	0.0
EBIT (Group)	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
<b>EBITDA</b>	<b>10.7</b>	<b>14.6</b>	<b>3.0</b>	<b>4.1</b>	<b>6.2</b>	<b>8.3</b>	<b>21.7</b>	<b>5.3</b>	<b>5.1</b>	<b>6.8</b>	<b>8.5</b>	<b>25.7</b>	<b>36.4</b>	<b>49.8</b>	<b>64.3</b>
Depreciation	-0.5	-2.0	-0.6	-0.7	-2.6	-0.7	-4.6	-0.7	-0.7	-0.7	-0.7	-2.7	-2.7	-3.0	-3.4
<b>EBIT (excl. NRI)</b>	<b>10.2</b>	<b>15.6</b>	<b>2.7</b>	<b>3.7</b>	<b>5.8</b>	<b>6.9</b>	<b>19.2</b>	<b>5.5</b>	<b>4.7</b>	<b>6.4</b>	<b>8.1</b>	<b>24.7</b>	<b>34.9</b>	<b>47.9</b>	<b>62.3</b>
<b>EBIT</b>	<b>10.2</b>	<b>12.6</b>	<b>2.4</b>	<b>3.4</b>	<b>3.6</b>	<b>7.6</b>	<b>17.1</b>	<b>4.6</b>	<b>4.4</b>	<b>6.1</b>	<b>7.8</b>	<b>22.9</b>	<b>33.7</b>	<b>46.7</b>	<b>61.0</b>
Net financial items	0.1	-0.3	0.0	-0.1	0.0	-0.3	-0.4	0.1	-0.1	-0.1	-0.1	-0.1	-0.5	-0.7	-0.9
<b>PTP</b>	<b>10.3</b>	<b>12.3</b>	<b>2.4</b>	<b>3.3</b>	<b>3.6</b>	<b>7.3</b>	<b>16.7</b>	<b>4.7</b>	<b>4.3</b>	<b>6.1</b>	<b>7.8</b>	<b>22.8</b>	<b>33.1</b>	<b>46.0</b>	<b>60.1</b>
Taxes	-2.1	-2.9	-0.4	-0.8	-0.7	-1.5	-3.4	-1.0	-0.9	-1.3	-1.6	-4.8	-7.0	-10.1	-13.2
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
<b>Net earnings</b>	<b>8.1</b>	<b>9.4</b>	<b>2.0</b>	<b>2.6</b>	<b>2.9</b>	<b>5.9</b>	<b>13.3</b>	<b>3.7</b>	<b>3.5</b>	<b>4.8</b>	<b>6.1</b>	<b>18.1</b>	<b>26.1</b>	<b>35.9</b>	<b>46.9</b>
<b>EPS (adj.)</b>	<b>0.34</b>	<b>0.47</b>	<b>0.09</b>	<b>0.11</b>	<b>0.19</b>	<b>0.20</b>	<b>0.58</b>	<b>0.17</b>	<b>0.14</b>	<b>0.19</b>	<b>0.24</b>	<b>0.75</b>	<b>1.02</b>	<b>1.39</b>	<b>1.81</b>
<b>EPS (rep.)</b>	<b>0.34</b>	<b>0.36</b>	<b>0.07</b>	<b>0.10</b>	<b>0.11</b>	<b>0.22</b>	<b>0.50</b>	<b>0.14</b>	<b>0.13</b>	<b>0.18</b>	<b>0.23</b>	<b>0.68</b>	<b>0.98</b>	<b>1.35</b>	<b>1.76</b>
<b>Key figures</b>	<b>2018</b>	<b>2019</b>	<b>Q1'20</b>	<b>Q2'20</b>	<b>Q3'20</b>	<b>Q4'20</b>	<b>2020</b>	<b>Q1'21</b>	<b>Q2'21</b>	<b>Q3'21e</b>	<b>Q4'21e</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>
<b>Revenue growth-%</b>	14.6 %	61.4 %	41.5 %	15.9 %	10.3 %	31.7 %	23.4 %	40.8 %	37.9 %	29.6 %	22.3 %	31.3 %	29.0 %	27.9 %	26.4 %
<b>Adjusted EBIT growth-%</b>		52.7 %	-4.0 %	38.1 %	18.4 %	35.0 %	23.2 %	102.2 %	25.8 %	10.7 %	16.9 %	28.9 %	40.9 %	37.4 %	30.0 %
<b>EBITDA-%</b>	35.0 %	29.5 %	25.4 %	30.2 %	39.3 %	42.3 %	35.5 %	31.5 %	26.9 %	33.3 %	35.2 %	32.0 %	35.2 %	37.6 %	38.5 %
<b>Adjusted EBIT-%</b>	33.3 %	31.5 %	22.9 %	27.3 %	36.8 %	35.2 %	31.4 %	32.9 %	24.9 %	31.4 %	33.7 %	30.9 %	33.7 %	36.2 %	37.3 %
<b>Net earnings-%</b>	26.6 %	18.9 %	16.7 %	18.8 %	18.4 %	29.9 %	21.9 %	22.1 %	18.3 %	23.5 %	25.4 %	22.6 %	25.2 %	27.1 %	28.0 %

Source: Inderes

# Balance sheet

Assets	2019	2020	2021e	2022e	2023e
<b>Non-current assets</b>	<b>59.0</b>	<b>58.3</b>	<b>70.4</b>	<b>70.7</b>	<b>70.9</b>
Goodwill	50.4	50.4	59.7	59.7	59.7
Intangible assets	5.2	3.9	7.0	6.5	5.9
Tangible assets	1.8	2.0	2.2	2.6	3.3
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	0.8	1.0	1.0	1.0	1.0
Deferred tax assets	0.8	1.0	0.5	1.0	1.0
<b>Current assets</b>	<b>36.6</b>	<b>43.1</b>	<b>34.5</b>	<b>54.5</b>	<b>82.2</b>
Inventories	3.5	4.9	6.4	8.3	10.6
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	6.4	9.3	10.4	13.4	17.2
Cash and equivalents	26.7	28.9	17.7	32.8	54.4
<b>Balance sheet total</b>	<b>110</b>	<b>114</b>	<b>117</b>	<b>136</b>	<b>163</b>

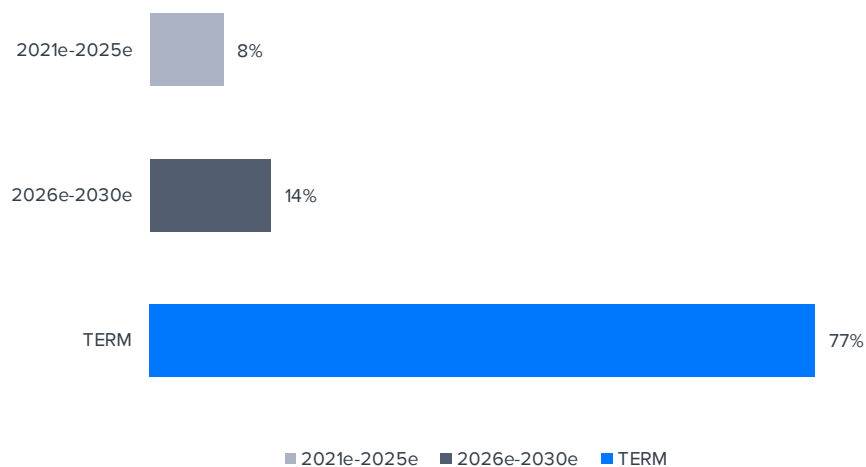
Source: Inderes

Liabilities & equity	2019	2020	2021e	2022e	2023e
<b>Equity</b>	<b>64.3</b>	<b>69.7</b>	<b>78.9</b>	<b>94.3</b>	<b>116</b>
Share capital	5.3	5.3	5.3	5.3	5.3
Retained earnings	8.3	14.0	23.6	39.0	60.2
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	50.7	50.4	50.0	50.0	50.0
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>30.3</b>	<b>27.0</b>	<b>19.6</b>	<b>18.9</b>	<b>18.9</b>
Deferred tax liabilities	4.1	3.9	3.8	3.1	3.1
Provisions	0.4	0.3	0.4	0.4	0.4
Long term debt	25.4	22.4	15.0	15.0	15.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.4	0.4	0.4	0.4	0.4
<b>Current liabilities</b>	<b>15.2</b>	<b>17.7</b>	<b>18.2</b>	<b>22.6</b>	<b>28.1</b>
Short term debt	4.3	4.6	3.0	3.0	3.0
Payables	10.9	13.1	15.2	19.6	25.1
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>110</b>	<b>114</b>	<b>117</b>	<b>136</b>	<b>163</b>

# DCF calculation

DCF model	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	TERM
<b>EBIT (operating profit)</b>	<b>17.1</b>	<b>22.9</b>	<b>33.7</b>	<b>46.7</b>	<b>61.0</b>	<b>75.4</b>	<b>87.5</b>	<b>98.0</b>	<b>100</b>	<b>105</b>	<b>104</b>	
+ Depreciation	4.6	2.7	2.7	3.0	3.4	3.4	3.4	3.6	3.8	4.0	4.2	
- Paid taxes	-3.8	-4.4	-8.2	-10.1	-13.2	-16.4	-19.0	-21.3	-21.8	-22.9	-22.7	
- Tax, financial expenses	-0.1	0.0	-0.1	-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	-2.1	-0.5	-0.5	-0.6	1.0	-0.4	-0.3	-0.3	-0.2	-0.2	-0.1	
<b>Operating cash flow</b>	<b>15.8</b>	<b>20.8</b>	<b>27.6</b>	<b>38.9</b>	<b>51.9</b>	<b>61.9</b>	<b>71.3</b>	<b>79.8</b>	<b>81.7</b>	<b>85.7</b>	<b>85.6</b>	
+ Change in other long-term liabilities	-0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-2.5	-14.1	-1.4	-2.0	-2.5	-1.8	-3.9	-4.1	-4.1	-4.4	-4.0	
<b>Free operating cash flow</b>	<b>13.2</b>	<b>6.8</b>	<b>26.2</b>	<b>36.9</b>	<b>49.4</b>	<b>60.1</b>	<b>67.4</b>	<b>75.7</b>	<b>77.6</b>	<b>81.3</b>	<b>81.6</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	13.2	6.8	26.2	36.9	49.4	60.1	67.4	75.7	77.6	81.3	81.6	2371
<b>Discounted FCFF</b>		<b>6.6</b>	<b>24.1</b>	<b>32.1</b>	<b>40.5</b>	<b>46.5</b>	<b>49.3</b>	<b>52.2</b>	<b>50.5</b>	<b>49.9</b>	<b>47.2</b>	<b>1373</b>
Sum of FCFF present value		1772	1765	1741	1709	1668	1622	1572	1520	1470	1420	1373
<b>Enterprise value DCF</b>		<b>1772</b>										
- Interesting bearing debt		-27.0										
+ Cash and cash equivalents		28.9										
-Minorities		0.0										
-Dividend/capital return		-8.5										
<b>Equity value DCF</b>		<b>1765</b>										
<b>Equity value DCF per share</b>		<b>66.2</b>										

Cash flow distribution



Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	7.5 %
Cost of debt	3.0 %
Equity Beta	0.90
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.0 %
<b>Cost of equity</b>	<b>6.3 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>6.0 %</b>

# Summary

Income statement	2018	2019	2020	2021e	2022e	Per share data	2018	2019	2020	2021e	2022e
Revenue	30.7	49.5	61.1	<b>80.1</b>	<b>103.4</b>	EPS (reported)	0.34	0.36	0.50	<b>0.68</b>	<b>0.98</b>
EBITDA	10.7	14.6	21.7	<b>25.7</b>	<b>36.4</b>	EPS (adj.)	0.34	0.47	0.58	<b>0.75</b>	<b>1.02</b>
EBIT	10.2	12.6	17.1	<b>22.9</b>	<b>33.7</b>	OCF / share	0.43	0.67	0.59	<b>0.78</b>	<b>1.03</b>
PTP	10.3	12.3	16.7	<b>22.8</b>	<b>33.1</b>	FCF / share	0.35	-0.33	0.50	<b>0.25</b>	<b>0.98</b>
Net Income	8.1	9.4	13.3	<b>18.1</b>	<b>26.1</b>	Book value / share	0.76	2.47	2.62	<b>2.96</b>	<b>3.53</b>
Extraordinary items	0.0	-3.0	-2.1	<b>-1.8</b>	<b>-1.2</b>	Dividend / share	0.28	0.30	0.32	<b>0.40</b>	<b>0.55</b>
Balance sheet	2018	2019	2020	2021e	2022e	Growth and profitability	2018	2019	2020	2021e	2022e
Balance sheet total	22.1	109.8	114.4	<b>116.7</b>	<b>135.8</b>	Revenue growth-%	15%	61%	23%	<b>31%</b>	<b>29%</b>
Equity capital	18.1	64.3	69.7	<b>78.9</b>	<b>94.3</b>	EBITDA growth-%	5%	36%	49%	<b>18%</b>	<b>42%</b>
Goodwill	1.2	50.4	50.4	<b>59.7</b>	<b>59.7</b>	EBIT (adj.) growth-%	7%	53%	23%	<b>29%</b>	<b>41%</b>
Net debt	-10.1	3.0	-1.9	<b>0.3</b>	<b>-14.8</b>	EPS (adj.) growth-%	14%	39%	23%	<b>28%</b>	<b>37%</b>
Cash flow	2018	2019	2020	2021e	2022e	EBITDA-%	35.0 %	29.5 %	35.5 %	<b>32.0 %</b>	<b>35.2 %</b>
EBITDA	10.7	14.6	21.7	<b>25.7</b>	<b>36.4</b>	EBIT (adj.)-%	33.3 %	31.5 %	31.4 %	<b>30.9 %</b>	<b>33.7 %</b>
Change in working capital	1.0	2.3	-2.1	<b>-0.5</b>	<b>-0.5</b>	EBIT-%	33.3 %	25.5 %	28.0 %	<b>28.6 %</b>	<b>32.6 %</b>
Operating cash flow	10.2	17.5	15.8	<b>20.8</b>	<b>27.6</b>	ROE-%	47.8 %	22.7 %	19.9 %	<b>24.3 %</b>	<b>30.1 %</b>
CAPEX	-1.9	-68.0	-2.5	<b>-14.1</b>	<b>-1.4</b>	ROI-%	58.8 %	22.4 %	17.9 %	<b>23.7 %</b>	<b>32.2 %</b>
Free cash flow	8.3	-8.5	13.2	<b>6.8</b>	<b>26.2</b>	Equity ratio	81.9 %	58.6 %	60.9 %	<b>67.6 %</b>	<b>69.4 %</b>
						Gearing	-55.8 %	4.7 %	-2.7 %	<b>0.4 %</b>	<b>-15.7 %</b>
Valuation multiples	2018	2019	2020	2021e	2022e						
EV/S	9.5	14.1	21.9	<b>21.6</b>	<b>16.6</b>						
EV/EBITDA (adj.)	27.1	47.9	61.5	<b>67.4</b>	<b>47.1</b>						
EV/EBIT (adj.)	28.5	44.9	69.5	<b>69.9</b>	<b>49.2</b>						
P/E (adj.)	36.9	55.4	86.6	<b>87.0</b>	<b>63.3</b>						
P/E	16.6	10.8	19.2	<b>21.9</b>	<b>18.3</b>						
Dividend-%	2.2 %	1.1 %	0.6 %	<b>0.6 %</b>	<b>0.8 %</b>						

Source: Inderes

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Date	Recommendation	Target price	Share price
18-09-17	Accumulate	12.33 €	11.58 €
26-10-17	Accumulate	12.67 €	11.89 €
16-02-18	Accumulate	13.33 €	12.07 €
23-04-18	Reduce	14.20 €	14.18 €
07-08-18	Reduce	15.80 €	16.48 €
26-10-18	Accumulate	14.50 €	13.76 €
15-02-19	Accumulate	16.50 €	15.46 €
16-04-19	Accumulate	21.00 €	18.80 €
26-04-19	Accumulate	21.00 €	19.10 €
16-08-19	Accumulate	21.00 €	19.40 €
02-10-19	Accumulate	21.00 €	19.22 €
25-10-19	Accumulate	24.50 €	23.20 €
26-11-19	Reduce	24.50 €	25.55 €
21-02-20	Accumulate	31.00 €	28.85 €
19-03-20	Buy	24.00 €	18.48 €
23-04-20	Accumulate	25.00 €	22.75 €
07-08-20	Reduce	34.00 €	33.50 €
23-10-20	Reduce	36.00 €	38.05 €
21-12-20	Reduce	44.00 €	48.65 €
12-02-21	Accumulate	60.00 €	53.00 €
26-04-21	Accumulate	65.00 €	59.20 €
<i>Analyst changed</i>			
09-06-21	Accumulate	65.00 €	59.50 €
06-08-21	Reduce	65.00 €	64.80 €



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