LapWall

Company report

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Inderes corporate customer

This report is a summary translation of the report "Suhdanteen paremmalle puolelle punnertaen" published on 4/29/2024 at 11:43 pm EEST.

Working toward the better side of the business cycle

In our view, LapWall's Q1 report can be interpreted as a slight defensive win given the challenging overall picture for the construction sector. We have not made any material changes to our near-term outlook for LapWall, but the strong start to the year and the guidance provided have lowered the risk level of the stock. We continue to expect LapWall to deliver rapid earnings growth over the construction cycle. There is still considerable uncertainty about the timing of the market turnaround, but the stock is reasonably priced even with this year's sluggish results. Reflecting this situation, we reiterate our target price of EUR 3.40 for LapWall and Accumulate recommendation.

Q1 was slightly better than expected in all key figures

LapWall's Q1 revenue increased by 9% to 10.1 MEUR, slightly above our forecast. The growth was a combination of around 20% higher volumes and around 10% lower prices per square meter. The company's volume development remained very good under the circumstances, probably also supported by the timing of Metsä Group's large project partly in Q1 and, inorganically, the Kastelli account acquired in Q2'23. However, prices and margins reflect the weak construction sector and the resulting fierce price competition. In Q1, operating income adjusted for goodwill amortization decreased by 11% to 1.0 MEUR, or 10.1% of revenue. The profit decline was also smaller than we had expected, but the lower margins meant that despite growth and active management of fixed costs, comparison figures were missed. The company received 11 MEUR in new orders in Q1, which was broadly in line with our forecast. LapWall's order book was up 20% year-on-year at 18 MEUR, so the factories will remain well loaded in Q2.

We have not changed our forecasts; guidance reduces risk despite narrow range

Somewhat surprisingly, LapWall already issued guidance for this year in the Q1 report and now expects its revenue for this year to be 43-48 MEUR and its adjusted EBIT to be 4.3-4.8 MEUR. Our pre-report forecasts were at the upper end of the range, so there were no big surprises in the guidance. The guidance mitigates the significant risk in the current year, although we believe the guidance range is narrow given the uncertainties related to construction and the project nature of the business. Comments on the market situation were cautiously positive, although there is little concrete evidence to support expectations of a recovery in low-rise housing (wall panels) in H2. Demand in industrial and public construction (roof elements) is satisfactory. We have not made many changes to our LapWall forecasts after the report. In the coming years, we expect LapWall to grow at an above-average rate of 15% as the construction cycle gradually improves and LapWall gains market share, especially in the wall panel segment, thanks to the efficient new capacity in Pyhäntä and other strengths. We expect LapWall's earnings to grow at a significant lever relative to revenue as fixed costs are scaled up. Our margin forecasts are within LapWall's adjusted EBIT margin target of 12-15% for 2025-2027.

Moderate multiples for the current year support positive expectations of better times ahead

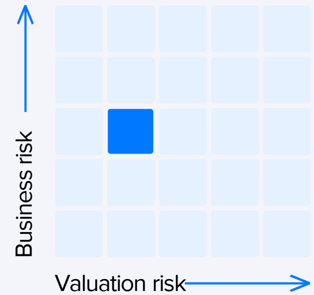
With our 2024-2025 estimates, LapWall's P/E ratios are 13x and 9x and corresponding EV/EBIT ratios are around 11x and 8x. The multiples are at the upper end of the ranges we have approved for the company this year and slightly below the ranges for next year. Based on LapWall's earnings growth and a dividend yield of just over 4%, the 12-month expected return continues to exceed our required return. DCF signals an even more pronounced undervaluation. However, we keep our sights on the near term, as we believe the stock may not have supportive drivers until the visibility of accelerating earnings growth and a stronger phase of profitable growth materializes.

Recommendation

Accumulate
(previous Accumulate)

EUR 3.40
(previous EUR 3.40)

Share price:
EUR 3.17



Key figures

	2023	2024e	2025e	2026e
Revenue	41.9	46.2	53.8	62.2
growth-%	-20%	10%	16%	16%
EBIT adj.	3.9	4.6	6.8	8.2
EBIT-% adj.	9.4 %	9.9 %	12.6 %	13.2 %
Net Income	2.5	2.7	4.3	5.5
EPS (adj.)	0.22	0.24	0.35	0.43
P/E (adj.)	14.1	13.2	9.0	7.4
P/B	2.7	2.5	2.3	2.0
Dividend yield-%	4.2 %	4.1 %	4.7 %	5.0 %
EV/EBIT (adj.)	11.0	10.6	7.6	5.8
EV/EBITDA	8.0	8.2	6.0	4.3
EV/S	1.0	1.0	1.0	0.8

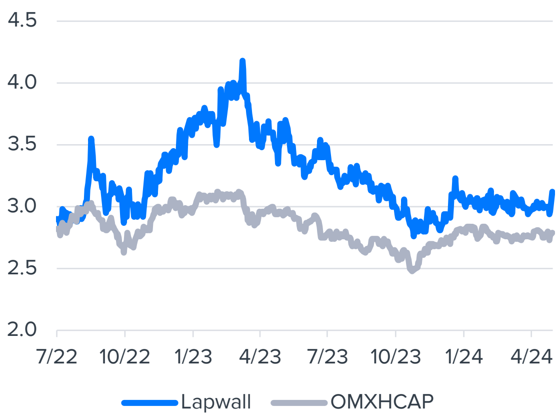
Source: Inderes

Guidance

(New guidance)

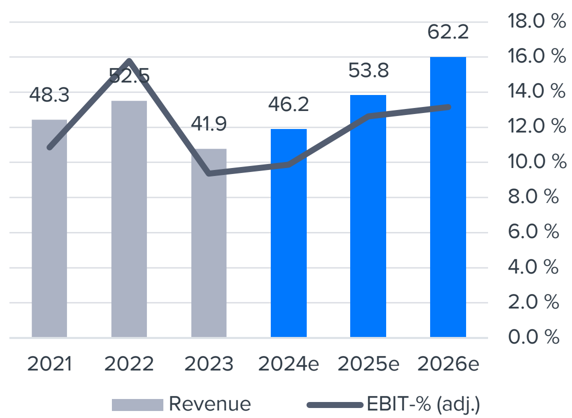
The company expects its revenue in 2024 to be EUR 43-48 million and operating profit excluding goodwill amortization (EBITA) to be EUR 4.3-4.8 million.

Share price



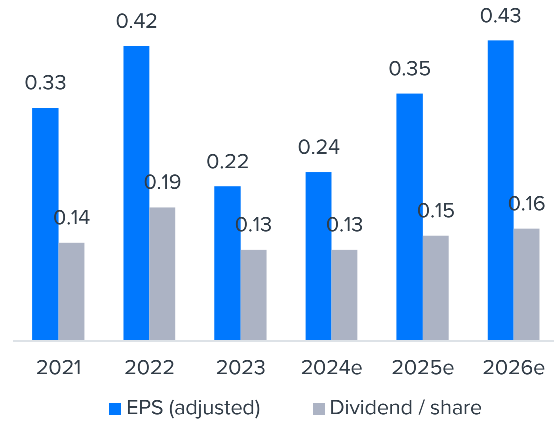
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- The company is well-positioned for growth in wood construction
- Strong competitive position enables market share growth
- Synergy benefits of the Termater business acquisition and the sales potential of the inorganically acquired Kastelli cooperation
- Room for improvement in productivity through investment
- Moderate valuation leaves upside for valuation multiples

Risk factors

- Finland's economic and construction cycle
- Inflation and pricing power
- New types of stronger competition
- Slowing down the proliferation of environmental trends and wood construction
- Project risks
- Pyhäntä's investment plan is very large relative to LapWall's balance sheet

Valuation	2024e	2025e	2026e
Share price	3.17	3.17	3.17
Number of shares, millions	14.9	14.9	14.9
Market cap	47	47	47
EV	48	52	47
P/E (adj.)	13.2	9.0	7.4
P/E	17.6	10.9	8.6
P/B	2.5	2.3	2.0
P/S	1.0	0.9	0.8
EV/Sales	1.0	1.0	0.8
EV/EBITDA	8.2	6.0	4.3
EV/EBIT (adj.)	10.6	7.6	5.8
Payout ratio (%)	72.2 %	51.5 %	43.6 %
Dividend yield-%	4.1 %	4.7 %	5.0 %

Source: Inderes

Better-than-expected start to the year in a difficult market

Volume-driven revenue beat

LapWall's Q1 revenue grew more strongly than forecast, increasing by 9% to 10.1 MEUR compared to the weak first quarter of last year. As expected, the roof element business, supported by industrial and public construction, boosted the group's sales by 20% in an otherwise challenging market. In contrast, revenue of the Pyhäntä production unit, which specializes in wall elements driven by demand from the housing sector, declined by 10%. The increase in revenue was strongly driven by higher production volumes, as the company reported a 10% year-on-year decline in sales prices.

The company expects sales prices to have bottomed out in Q1. As a result, a major headwind from price pressures is no longer expected, even if actual price pressures have been higher than expected. More aggressive pricing and volume growth also support the company's goal of significantly increasing market share (and filling plant capacity even in a weak cycle). Therefore, we do not view the deterioration in the gross margin as solely a negative driver of shareholder value creation, although achieving the profitability target may require a slightly higher gross margin than in Q1.

Cost discipline took the result above our forecast

LapWall's Q1 EBIT adjusted for goodwill amortization was 1.0 MEUR, exceeding our forecast by 0.2 MEUR or just over 20%. The limited Q1 business review does not allow a closer look at the cost structure, but we estimate that the combined effect of volume growth and lower prices kept the gross margin at largely flat year-on-year. Thus, we believe that the main driver of the earnings beat was a slightly more flexible cost structure than we expected, i.e., the company's fixed cost savings measures.

LapWall's order book at the end of Q1 was up 20% year-on-year at 18.1 MEUR, resulting in new orders of 11.1 MEUR, which was more or less in line with our expectations. However, the price pressure has not necessarily improved the margin structure of the order book from the prior year.

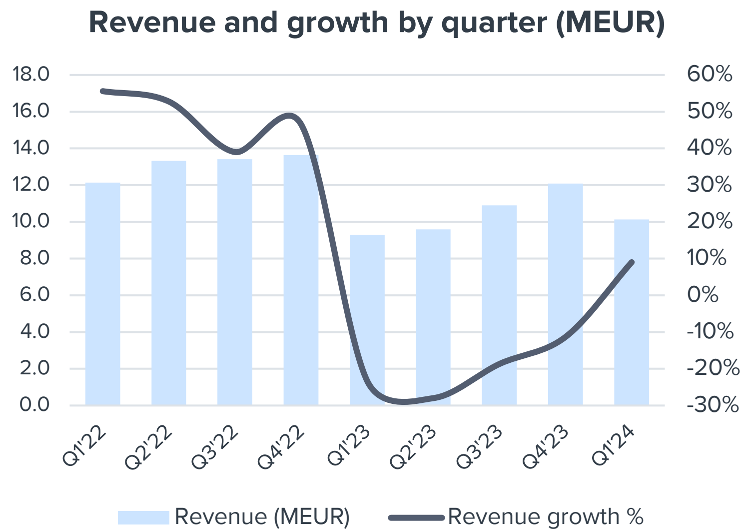
Balance sheet ready for major investment

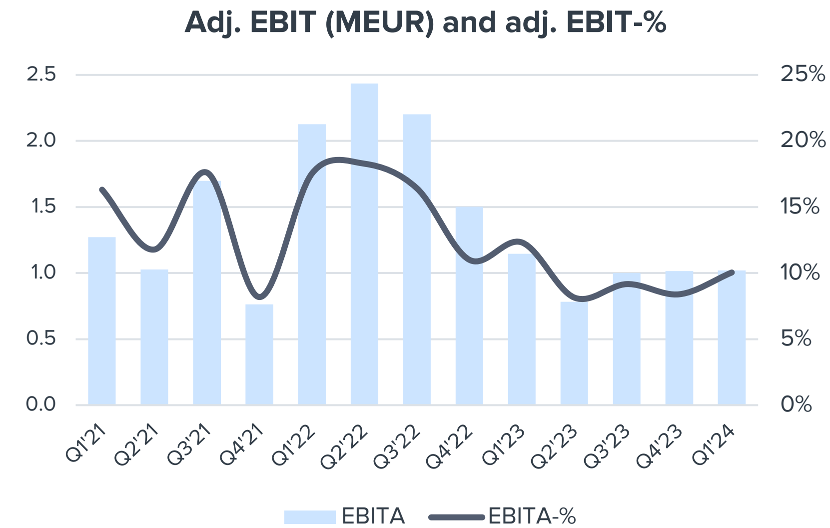
The short business review provides little visibility on cash flow and the balance sheet, but there were no major movements in the balance sheet as the equity ratio rose to just under 65% at the end of the year. As a result, the company's balance sheet is in good shape for the significant 19 MEUR investment in the Pyhäntä mill. We expect the company to finance approximately 70% of the project with revenue and debt, with the remainder expected to be funded by a grant from the government-funded ELY Center.

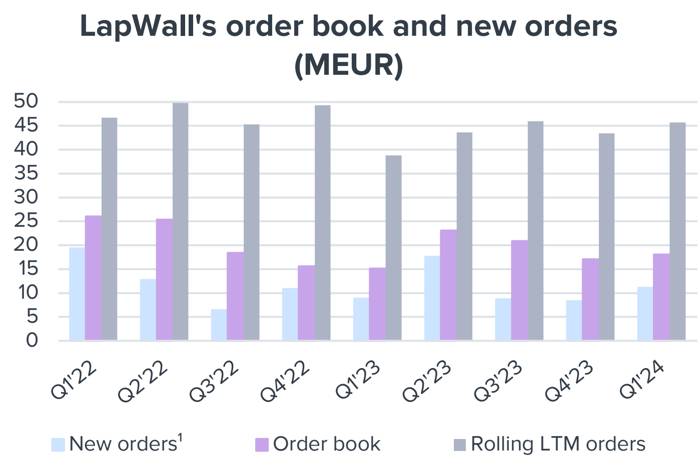
Estimates	Q1'23	Q1'24	Q1'24e	Q1'24e	Consensus		Difference (%)	2024e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	9.3	10.1	9.5				7%	46.2
EBIT (adj.)	1.1	1.0	0.8				23%	4.6
EBIT	1.0	0.8	0.6				32%	3.7
Revenue growth-%	0.0 %	9.0 %	2.0 %				7 pp	10.4 %
EBIT-% (adj.)	11.8 %	10.1 %	8.7 %				1.4 pp	9.9 %

Source: Inderes

Lapwall's reported key figures







Source: LapWall
[1]New orders is an indicator calculated by Inderes (Formula: end-of-period order book + revenue - beginning-of-period order book)

Modest price-driven cut to full-year earnings forecast

Estimate revisions 2024e-2026e

- Contrary to our expectations, LapWall provided guidance in the Q1 report as the outlook for the rest of the year has become clearer. We were expecting guidance only after H1.
- The company expects its revenue in 2024 to be 43-48 MEUR and operating profit excluding goodwill amortization (EBITA) to be 4.3-4.8 MEUR.
- Our profitability and revenue forecasts are at the mid-points of the guidance ranges after marginal changes.
- LapWall's order book at the end of Q1 was up 20% year-on-year at 18 MEUR, slightly above our expectations.
- FY2024 went up 2%, driven by the revenue beat in Q1 and a slightly higher than expected book.
- Revenue forecasts for 2025-2026 remain unchanged
- We cut our earnings forecasts for the current year by 4-5%, mainly driven by a weaker-than-expected gross margin (Q1 average price -10%) due to price pressure. However, the changes remained small.
- We revised our PPA forecast for the current year to match the Q1 rate

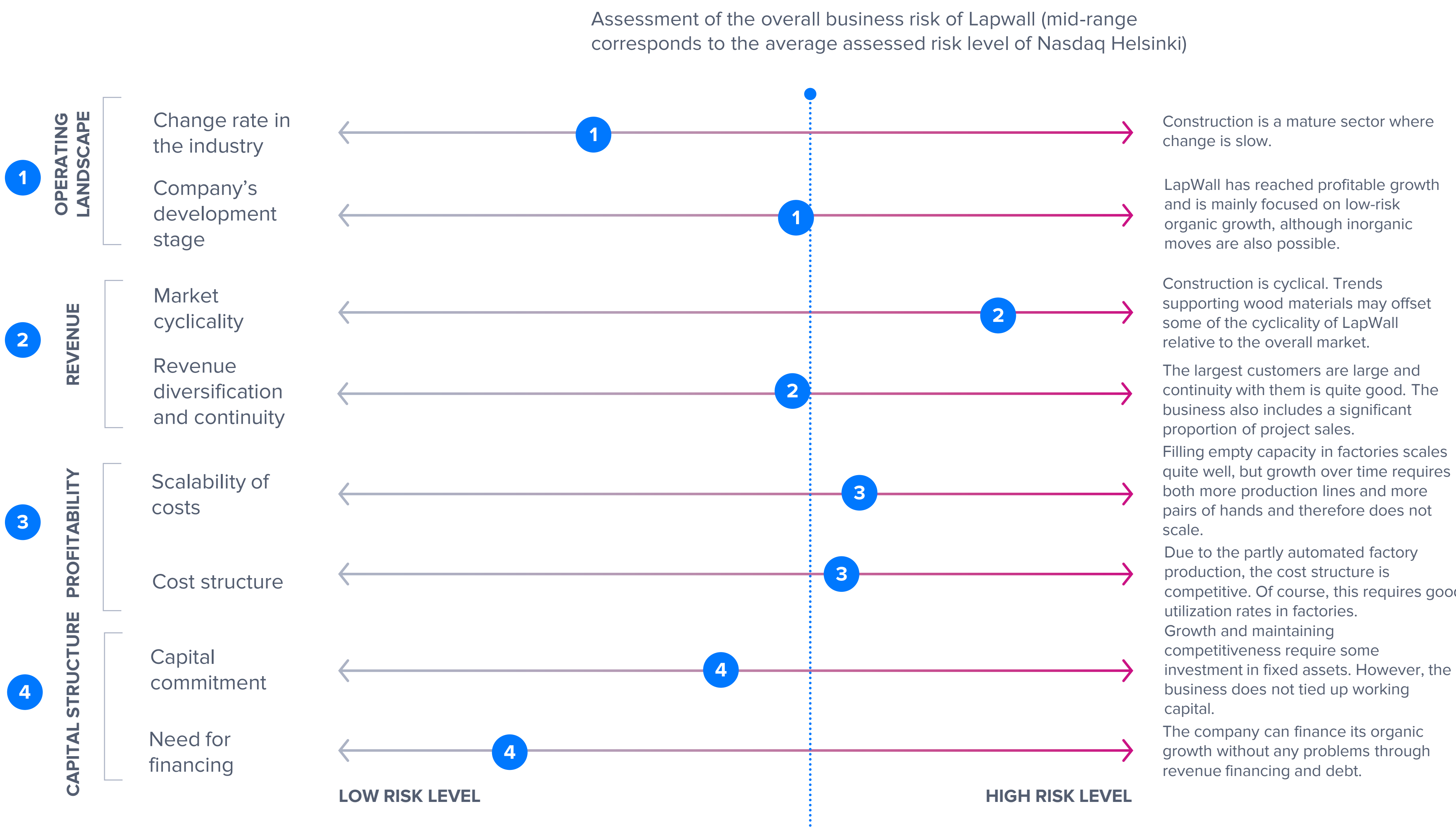
Operational result drivers 2024e–2026e:

- Our forecast is that the roof element business, driven by public and industrial construction, will carry the company through the current gloomy housing construction market. We expect the housing construction cycle to recover, especially after the middle of the decade.
- With competitors exiting the market, LapWall's very strong competitiveness and the investment in Pyhäntä, we forecast that the company will be able to increase its market share, especially in the wall panel segments, between 2025 and 2028.
- As demand and volumes for wall panels recover and grow, the company's operational levers will be able to move in the right direction and relative profitability will strengthen, reflecting the nature of prefabrication. We forecast that LapWall will achieve its adjusted EBIT margin target of 12-15% between 2025 and 2028
- We believe that carbon-neutral prefabricated wood construction will be supported by the long-term sustainable building trend.

Estimate revisions	2024e	2024	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	45.2	46.2	2%	53.8	53.8	0%	62.2	62.2	0%
EBITDA	6.1	5.9	-5%	8.7	8.7	-1%	11.0	11.0	0%
EBIT (exc. NRIs)	4.7	4.6	-4%	6.9	6.8	-1%	8.2	8.2	0%
EBIT	3.9	3.7	-5%	6.0	5.9	-1%	7.3	7.3	0%
PTP	3.9	3.7	-5%	5.7	5.6	-1%	7.1	7.0	0%
EPS (excl. NRIs)	0.25	0.24	-5%	0.36	0.35	-1%	0.43	0.43	0%
DPS	0.13	0.13	0%	0.15	0.15	0%	0.16	0.16	0%

Source: Inderes

Risk profile of LapWall's business model



Source: Inderes

Strong position awaits behind the cyclical downturn

Multiples are reasonable and expected returns are good, especially over the longer term

In our estimate, LapWall's adjusted P/E ratios for 2024 and 2025 are 13x and 9x, while the corresponding EV/EBIT ratios are around 11x and 8x. In particular, we recommend that investors use EV/EBIT multiple in LapWall's valuation, which better reflects the company's strong balance sheet, which remains strong despite the large investment in Pyhäntä. We consider the multiples moderate in absolute terms relative to our required return for next year, and even with modest results for the current year, the multiples are within our acceptable ranges (cf. in our May 2023 extensive report, the acceptable valuation ranges were P/E 10x-14x and EV/EBIT 8x-12x in the short term). In relative terms, the share is priced at a slight discount, but the whole peer group is only loosely connected to LapWall.

For the coming years, we expect dividend yields to settle at around 4-5%, even in a weak cycle, as a result of a satisfactory earnings position and a strong balance sheet, despite the large investment in Pyhäntä. Thus, investors get a good base return from dividends, even though LapWall is, in our opinion, primarily a growth company. In our view, the 12-month expected return, consisting of 2024 earnings growth and the dividend, lands in the double-digit territory and exceeds our required return, even if the valuation multiple were slightly flexible (Q1'24 LTM adjusted EV/EBIT 12x). Over the medium term, the expected return is supported by strong earnings growth, and we estimate that the expected return over the medium term is also higher than the required return. In the medium term, as earnings growth accelerates, the expected return could be even clearly higher than the required return, but realizing this will require a market turnaround and a clear acceleration in earnings growth (the timing is still uncertain). However, we believe that the medium-term expected return is backloaded, so we do not rely on it at full weight, especially as there are no concrete signs of improvement in the company's market.

DCF value clearly above our target price

On a DCF basis, we arrive at a value of EUR 4.4 per share. The model reflects the earnings growth potential created by the major investment in Pyhäntä, although the company's current and additional capacity in Pyhäntä together could be sufficient to generate higher earnings than our current projections (this would of course require a favorable market and a very strong increase in market share). However, due to the wide tolerances of the method, in LapWall we give more weight to the signals from the valuation multiples than to the DCF.

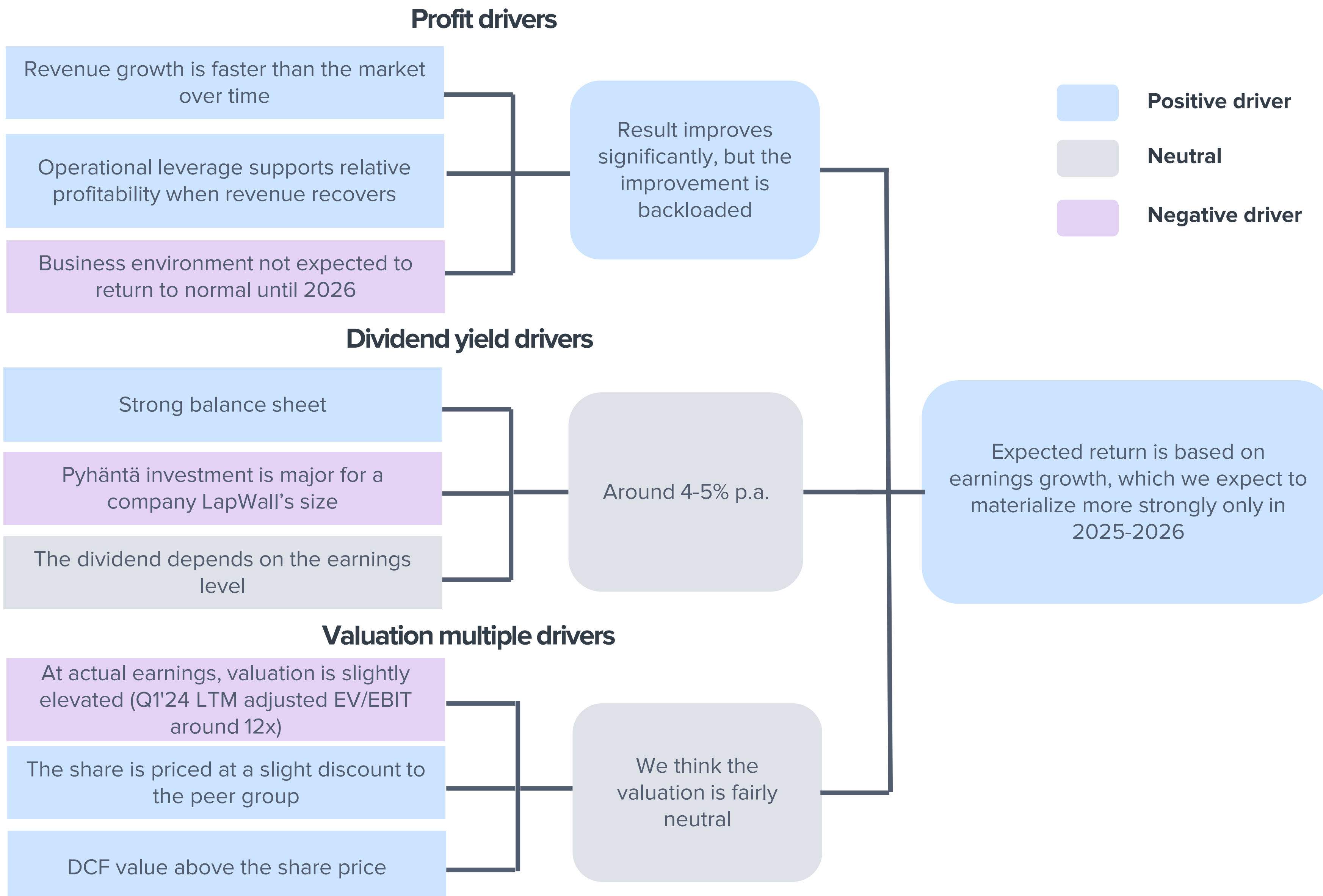
The value of the company is well placed to grow over time

Over the next few years, we see clear upside in LapWall's value from current levels, but this naturally requires that the company's business develops at least in line with our estimates (our estimates are well below the company's targets in terms of business size). In our view, LapWall also has the makings to be a steady grower and value creator, at least in the medium term. In our view, the main risks to the company are the cyclicality of construction and the prolongation of the current weak cycle, new types of competition, inflation, and the slowing or reversal of environmental trends. If these risks materialize, the company's short- or longer-term growth and/or profitability could fall short of our forecasts. We, therefore, still recommend the share, especially to investors who are willing to wait for the next upward cycle. Maturing of clear positive drivers for the stock can take time in the current market and call for patience from investors.

Valuation	2024e	2025e	2026e
Share price	3.17	3.17	3.17
Number of shares, millions	14.9	14.9	14.9
Market cap	47	47	47
EV	48	52	47
P/E (adj.)	13.2	9.0	7.4
P/E	17.6	10.9	8.6
P/B	2.5	2.3	2.0
P/S	1.0	0.9	0.8
EV/Sales	1.0	1.0	0.8
EV/EBITDA	8.2	6.0	4.3
EV/EBIT (adj.)	10.6	7.6	5.8
Payout ratio (%)	72.2 %	51.5 %	43.6 %
Dividend yield-%	4.1 %	4.7 %	5.0 %

Source: Inderes

Market value drivers Q1'24 TOT-2026e

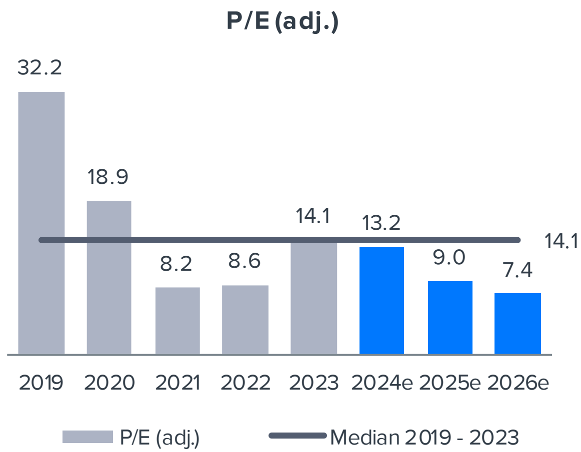


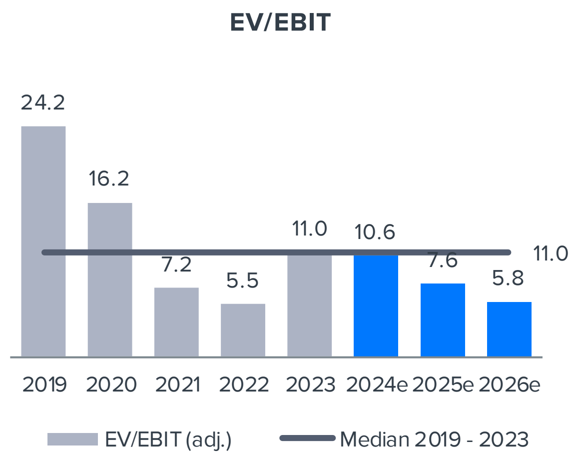
Source: Inderes

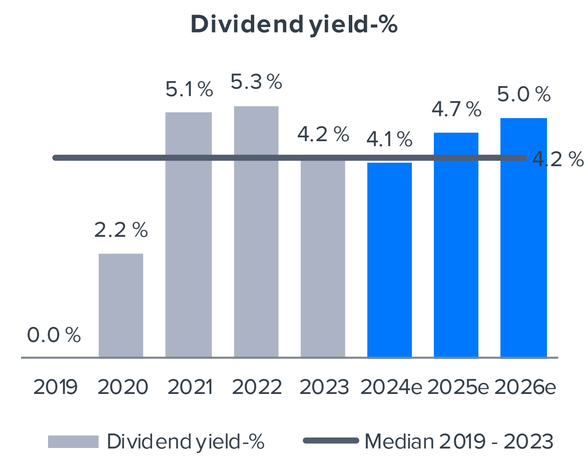
Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price		2.72	2.72	3.58	3.09	**3.17**	**3.17**	**3.17**	**3.17**
Number of shares, millions		12.4	12.4	14.2	14.9	**14.9**	**14.9**	**14.9**	**14.9**
Market cap		33.7	33.7	50.9	46.1	**47.2**	**47.2**	**47.2**	**47.2**
EV		37.4	37.7	45.4	43.1	**48.4**	**51.9**	**47.2**	**41.0**
P/E (adj.)		18.9	8.2	8.6	14.1	**13.2**	**9.0**	**7.4**	**5.7**
P/E		18.9	9.3	9.3	17.9	**17.6**	**10.9**	**8.6**	**6.4**
P/B		6.3	4.7	3.2	2.7	**2.5**	**2.3**	**2.0**	**1.6**
P/S		1.1	0.7	1.0	1.1	**1.0**	**0.9**	**0.8**	**0.7**
EV/Sales		1.2	0.8	0.9	1.0	**1.0**	**1.0**	**0.8**	**0.6**
EV/EBITDA		9.1	5.7	4.8	8.0	**8.2**	**6.0**	**4.3**	**3.1**
EV/EBIT (adj.)		16.2	7.2	5.5	11.0	**10.6**	**7.6**	**5.8**	**4.0**
Payout ratio (%)		41.7 %	48.1 %	49.5 %	75.3 %	**72.2 %**	**51.5 %**	**43.6 %**	**36.2 %**
Dividend yield-%		2.2 %	5.1 %	5.3 %	4.2 %	**4.1 %**	**4.7 %**	**5.0 %**	**5.7 %**

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**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**
Lapwall	43	40	10.0	6.7	6.7	4.4	0.9	0.7	11.8	8.2	4.4	5.1	2.4
Steico	497	674	17.6	14.9	9.7	8.6	1.8	1.6	22.4	18.0	1.4	1.4	1.7
EcoUp	18	21			7.0	5.2	0.8	0.6				2.5	1.1
Purmo	403	673	16.8	9.4	7.3	6.6	0.9	0.9	11.0	9.5	3.6	3.9	1.0
Balco	80	101	11.4	8.3	7.8	6.1	0.8	0.7	12.9	8.2	2.8	3.8	1.1
LapWall (Inderes)	**47**	**48**	**10.6**	**7.6**	**8.2**	**6.0**	**1.0**	**1.0**	**13.2**	**9.0**	**4.1**	**4.7**	**2.5**
Average			**13.1**	**10.0**	**7.9**	**6.7**	**1.2**	**1.1**	**14.4**	**11.6**	**3.1**	**3.3**	**1.7**
Median			**11.5**	**9.5**	**7.8**	**6.6**	**0.9**	**0.9**	**13.3**	**10.3**	**3.2**	**3.8**	**1.4**
Diff-% to median			***-8%***	***-20%***	***6%***	***-10%***	***11%***	***7%***	***0%***	***-13%***	***27%***	***24%***	***76%***

Source: Refinitiv / Inderes

Income statement

Income statement	2022	H1'23	H2'23	2023	H1'24e	H2'24e	2024e	2025e	2026e	2027e
Revenue	**52.5**	**18.9**	**23.0**	**41.9**	**21.2**	**25.1**	**46.2**	**53.8**	**62.2**	**71.0**
Group	52.5	18.9	23.0	41.9	21.2	25.1	46.2	53.8	62.2	71.0
Adjustment of goodwill amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**9.5**	**2.7**	**2.7**	**5.4**	**2.8**	**3.1**	**5.9**	**8.7**	**11.0**	**13.3**
Depreciation	-1.8	-1.1	-1.1	-2.2	-1.1	-1.1	-2.2	-2.8	-3.7	-3.8
EBIT (excl. NRI)	**8.3**	**1.9**	**2.0**	**3.9**	**2.1**	**2.4**	**4.6**	**6.8**	**8.2**	**10.4**
EBIT	**7.8**	**1.7**	**1.6**	**3.2**	**1.7**	**2.0**	**3.7**	**5.9**	**7.3**	**9.5**
Group	8.3	1.9	2.0	3.9	2.1	2.4	4.6	6.8	8.2	10.4
Adjustment of goodwill amortization	-0.5	-0.3	-0.5	-0.7	-0.4	-0.4	-0.9	-0.9	-0.9	-0.9
Share of profits in assoc. compan.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-0.7	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	-0.3	0.0
PTP	**7.0**	**1.7**	**1.5**	**3.2**	**1.7**	**2.0**	**3.7**	**5.6**	**7.0**	**9.5**
Taxes	-1.4	-0.3	-0.3	-0.6	-0.4	-0.6	-1.0	-1.3	-1.6	-2.1
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	**5.7**	**1.3**	**1.2**	**2.5**	**1.3**	**1.4**	**2.7**	**4.3**	**5.5**	**7.4**
EPS (adj.)	**0.42**	**0.11**	**0.11**	**0.22**	**0.12**	**0.12**	**0.24**	**0.35**	**0.43**	**0.56**
EPS (rep.)	**0.38**	**0.09**	**0.08**	**0.17**	**0.09**	**0.09**	**0.18**	**0.29**	**0.37**	**0.50**

Key figures	2022	H1'23	H2'23	2023	H1'24e	H2'24e	2024e	2025e	2026e	2027e
Revenue growth-%	8.6 %	-25.9 %	-14.9 %	-20.2 %	12.2 %	9.0 %	10.4 %	16.3 %	15.7 %	14.0 %
Adjusted EBIT growth-%	57.9 %	-58.5 %	-45.5 %	-52.7 %	12.7 %	20.1 %	16.5 %	48.7 %	20.5 %	26.8 %
EBITDA-%	18.2 %	14.6 %	11.6 %	12.9 %	13.2 %	12.3 %	12.7 %	16.2 %	17.7 %	18.8 %
Adjusted EBIT-%	15.8 %	10.1 %	8.8 %	9.4 %	10.1 %	9.7 %	9.9 %	12.6 %	13.2 %	14.6 %
Net earnings-%	10.4 %	7.1 %	5.3 %	6.1 %	6.1 %	5.5 %	5.8 %	8.1 %	8.8 %	10.4 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	**12.1**	**15.1**	**26.3**	**31.5**	**29.3**
Goodwill	2.4	5.7	4.8	3.9	3.0
Intangible assets	0.4	0.4	0.4	0.4	0.4
Tangible assets	9.2	8.9	21.1	27.2	25.9
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.1	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	**16.1**	**12.0**	**9.8**	**10.9**	**12.3**
Inventories	3.2	3.1	3.2	3.2	3.4
Other current assets	2.3	1.7	1.7	1.7	1.7
Receivables	2.7	2.8	3.0	3.8	4.7
Cash and equivalents	7.8	4.4	1.8	2.2	2.5
Balance sheet total	**28.2**	**27.1**	**36.2**	**42.4**	**41.7**

Source: Inderes

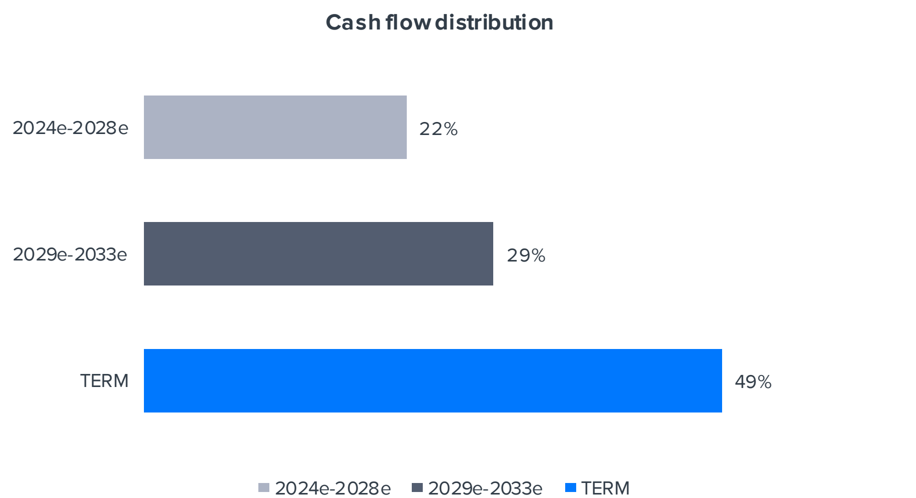
Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	**15.9**	**16.8**	**18.6**	**21.0**	**24.2**
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	4.8	4.7	5.4	7.8	11.0
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	10.9	12.0	13.0	13.0	13.0
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**1.9**	**0.9**	**8.3**	**11.3**	**7.4**
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	1.4	0.4	2.3	5.3	1.9
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.5	0.5	6.0	6.0	5.5
Current liabilities	**10.5**	**9.4**	**9.3**	**10.1**	**10.1**
Interest bearing debt	1.0	0.9	0.8	1.6	0.7
Payables	4.6	5.3	5.3	5.4	6.2
Other current liabilities	4.8	3.2	3.2	3.2	3.2
Balance sheet total	**28.2**	**27.1**	**36.2**	**42.4**	**41.7**

DCF calculation

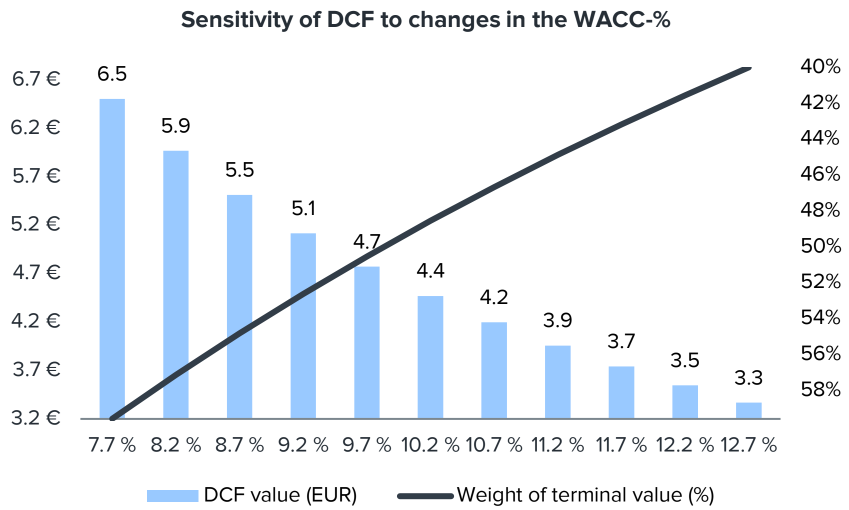
DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-20.2 %	10.4 %	16.3 %	15.7 %	14.0 %	10.0 %	8.0 %	5.0 %	4.0 %	3.0 %	2.0 %	2.0 %
EBIT-%	7.7 %	8.0 %	11.0 %	11.7 %	13.4 %	13.0 %	12.0 %	11.0 %	10.0 %	9.0 %	9.0 %	9.0 %
EBIT (operating profit)	**3.2**	**3.7**	**5.9**	**7.3**	**9.5**	**10.1**	**10.1**	**9.7**	**9.2**	**8.5**	**8.7**	
+ Depreciation	2.2	2.2	2.8	3.7	3.8	3.8	3.5	3.4	3.5	3.5	3.3	
- Paid taxes	-0.6	-1.0	-1.3	-1.6	-2.1	-2.2	-2.2	-2.1	-2.0	-1.8	-1.8	
- Tax, financial expenses	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	
- Change in working capital	-0.4	-0.3	-0.7	-0.3	-0.6	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	
Operating cash flow	**4.3**	**4.6**	**6.6**	**9.1**	**10.6**	**11.5**	**11.3**	**11.0**	**10.7**	**10.2**	**10.2**	
+ Change in other long-term liabilities	0.0	5.5	0.0	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	
- Gross CAPEX	-5.2	-13.5	-8.0	-1.5	-1.5	-1.5	-2.0	-2.5	-3.0	-3.0	-3.8	
Free operating cash flow	**-0.8**	**-3.4**	**-1.4**	**7.1**	**8.6**	**9.5**	**8.8**	**8.0**	**7.2**	**6.7**	**5.9**	
+/- Other	0.0	0.0	0.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
FCFF	-0.8	-3.4	-1.4	7.6	9.1	10.0	9.3	8.5	7.7	7.2	6.4	80.5
Discounted FCFF		**-3.1**	**-1.2**	**5.9**	**6.4**	**6.4**	**5.4**	**4.4**	**3.7**	**3.1**	**2.5**	**31.6**
Sum of FCFF present value		65.0	68.1	69.3	63.4	57.0	50.7	45.3	40.9	37.2	34.1	31.6
Enterprise value DCF		**65.0**										
- Interest bearing debt		-1.4										
+ Cash and cash equivalents		4.4										
-Minorities		0.0										
-Dividend/capital return		-1.9										
Equity value DCF		**66.1**										
Equity value DCF per share		**4.4**										

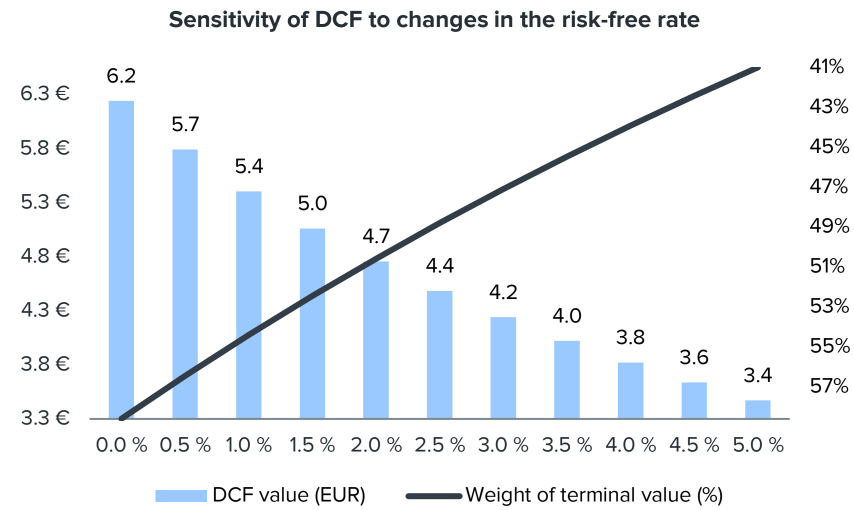
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	5.0 %
Equity Beta	1.60
Market risk premium	4.75%
Liquidity premium	0.75%
Risk free interest rate	2.5 %
Cost of equity	**10.9 %**
Weighted average cost of capital (WACC)	**10.2 %**

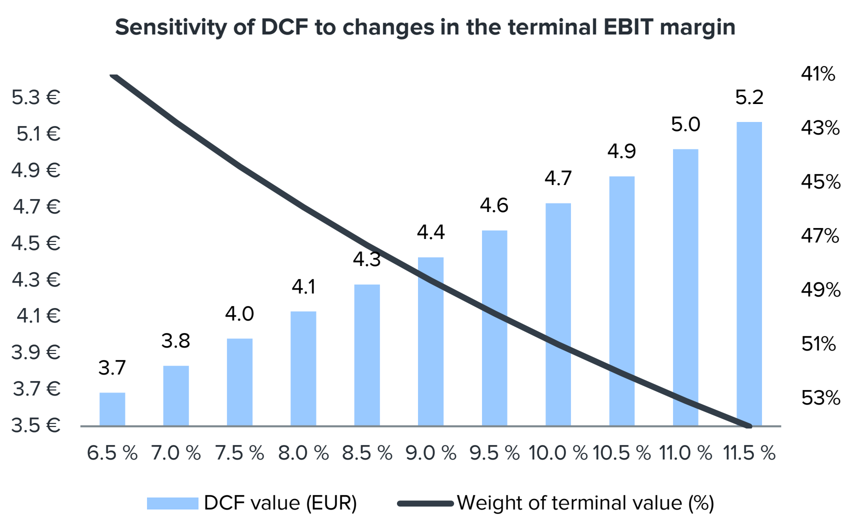
Source: Inderes

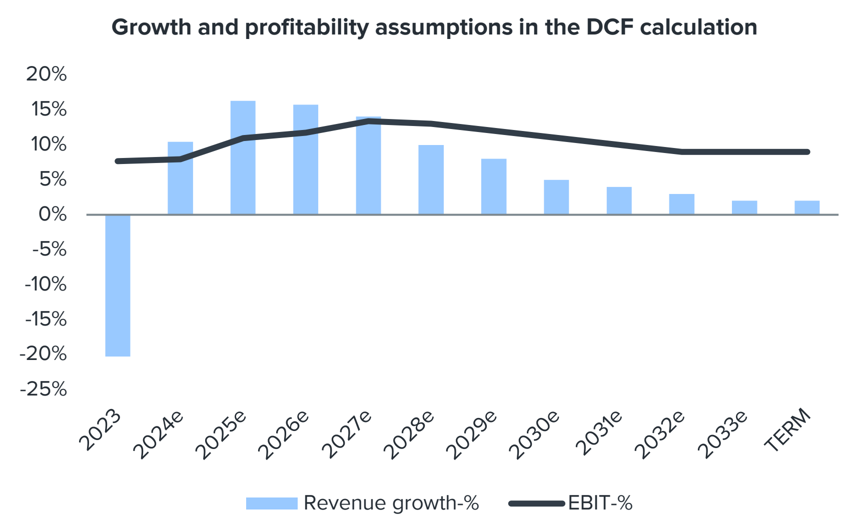


DCF sensitivity calculations and key assumptions in graphs









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
Revenue	48.3	52.5	41.9	**46.2**	**53.8**
EBITDA	6.6	9.5	5.4	**5.9**	**8.7**
EBIT	4.8	7.8	3.2	**3.7**	**5.9**
PTP	4.6	7.0	3.2	**3.7**	**5.6**
Net Income	3.6	5.5	2.6	**2.7**	**4.3**
Extraordinary items	-0.5	-0.5	-0.7	**-0.9**	**-0.9**

Balance sheet	2021	2022	2023	2024e	2025e
Balance sheet total	19.9	28.2	27.1	**36.2**	**42.4**
Equity capital	7.1	15.9	16.8	**18.6**	**21.0**
Goodwill	3.0	2.4	5.7	**4.8**	**3.9**
Net debt	4.1	-5.5	-3.0	**1.2**	**4.8**

Cash flow	2021	2022	2023	2024e	2025e
EBITDA	6.6	9.5	5.4	**5.9**	**8.7**
Change in working capital	-1.5	1.3	-0.4	**-0.3**	**-0.7**
Operating cash flow	4.2	9.3	4.3	**4.6**	**6.6**
CAPEX	-2.6	-2.3	-5.2	**-13.5**	**-8.0**
Free cash flow	1.6	7.0	-0.8	**-3.4**	**-1.4**

Valuation multiples	2021	2022	2023	2024e	2025e
EV/S	0.8	0.9	1.0	**1.0**	**1.0**
EV/EBITDA (adj.)	5.7	4.8	8.0	**8.2**	**6.0**
EV/EBIT (adj.)	7.2	5.5	11.0	**10.6**	**7.6**
P/E (adj.)	8.2	8.6	14.1	**13.2**	**9.0**
P/B	4.7	3.2	2.7	**2.5**	**2.3**
Dividend-%	5.1 %	5.3 %	4.2 %	**4.1 %**	**4.7 %**

Source: Inderes

Per share data	2021	2022	2023	2024e	2025e
EPS (reported)	0.29	0.38	0.17	**0.18**	**0.29**
EPS (adj.)	0.33	0.42	0.22	**0.24**	**0.35**
OCF / share	0.34	0.66	0.29	**0.31**	**0.45**
FCF / share	0.13	0.49	-0.05	**-0.23**	**-0.09**
Book value / share	0.58	1.11	1.12	**1.25**	**1.41**
Dividend / share	0.14	0.19	0.13	**0.13**	**0.15**

Growth and profitability	2021	2022	2023	2024e	2025e
Revenue growth-%	55%	9%	-20%	**10%**	**16%**
EBITDA growth-%	61%	45%	-43%	**8%**	**48%**
EBIT (adj.) growth-%	127%	58%	-53%	**16%**	**49%**
EPS (adj.) growth-%	130%	26%	-47%	**9%**	**46%**
EBITDA-%	13.7 %	18.2 %	12.9 %	**12.7 %**	**16.2 %**
EBIT (adj.)-%	10.9 %	15.8 %	9.4 %	**9.9 %**	**12.6 %**
EBIT-%	9.8 %	14.8 %	7.7 %	**8.0 %**	**11.0 %**
ROE-%	57.7 %	47.5 %	15.8 %	**15.2 %**	**21.9 %**
ROI-%	39.5 %	49.6 %	18.3 %	**19.0 %**	**24.0 %**
Equity ratio	37.6 %	61.1 %	64.2 %	**52.9 %**	**50.9 %**
Gearing	57.0 %	-34.7 %	-18.0 %	**6.7 %**	**22.7 %**

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
4/10/2022	Accumulate	3.40 €	3.11 €
5/19/2022	Accumulate	3.40 €	3.05 €
8/17/2022	Accumulate	4.00 €	3.55 €
11/1/2022	Accumulate	3.75 €	3.27 €
1/31/2023	Reduce	3.75 €	3.68 €
2/8/2023	Reduce	3.75 €	3.95 €
4/27/2023	Accumulate	3.75 €	3.51 €
6/1/2023	Buy	4.00 €	3.24 €
8/9/2023	Buy	4.00 €	3.18 €
11/1/2023	Accumulate	3.40 €	2.80 €
2/7/2024	Accumulate	3.40 €	2.96 €
3/13/2024	Accumulate	3.40 €	3.06 €
4/29/2024	Accumulate	3.40 €	3.17 €

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