

# Nokia

## Company report

01/11/2023



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This report is a summary translation of the report “Ennusteisiin säättää patenttitulojen ajoituksen osalta” published on 01/11/2023 at 07:50 am.

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# Estimates adjusted for the timing of patent revenues

We have made changes to our estimates ahead of Nokia's Q4 results on January 26. These are related to Nokia Technologies, where pending patent disputes with Oppo and Vivo couldn't be resolved during Q4. We now expect contracts to emerge during Q1'23 and this will shift patent revenue from Q4'22 to Q1'23. In the big picture, this has no impact on our view of the stock, whose valuation looks moderate in light of Nokia's current earnings performance. Thus, we reiterate our Accumulate recommendation and target price of EUR 5.30 for Nokia.

## Patent negotiations ongoing with the long game in mind

In the Q3 report, Nokia seemed confident that the annual net sales of Nokia Technologies will return to the EUR 1.4-1.5 billion range once the ongoing negotiations are concluded. The contracts are also expected to result in retroactive payments for unpaid periods, which we now expect to amount to just over EUR 200 million in Q1'23. Typically, patent agreements are concluded for periods of around 3-7 years, so as such, renewals are a normal part of business. Nokia also prioritizes securing the value of its IPR rights over time pressure.

## With missing patent revenues, our 2022 profitability estimate is at the lower end of the guidance range

With the estimate changes, our 2022 earnings estimate decreased by 7%, but our 2023 estimate increased by 6%. In the Q3 report, Nokia revised its 2022 net sales guidance (€23.9-25.1 billion) upwards due to the strong dollar and expects comparable EBIT to be in the middle of the guidance range of 11.0%-13.5%. With our updated estimates, we expect net sales of EUR 24.75 billion and a comparable EBIT of 11.4%. For a typically seasonally good Q4, this would mean net sales of around EUR 7.3 billion (+14%) and an EBIT margin of 12.0%. We will come back to Q4 earnings expectations in more detail closer to the day Nokia publishes its Q4 results, when presumably updated consensus estimates will also be available. For 2023, we now expect Nokia to generate EUR 25.6 billion in net sales (+3%) and an EBIT margin of 12.4%. The majority of the profitability improvement is explained by our estimate of retroactive patent revenues in Nokia Technologies and otherwise we are cautious on profitability development. This is driven by margin pressure in Mobile Networks, as the net sales mix is skewed more towards the less profitable Indian market than the highly profitable North American market. At the same time, we forecast Network Infrastructure to take a breather after a series of earnings improvements with comparison periods being very strong.

## Valuation is not demanding in the light of current performance

Nokia's valuation does not look particularly challenging already at current earnings (2022e adj. P/E 12x and EV/EBIT 7x). With our estimates for 2023 (adj. P/E 10x and EV/EBIT 6.5x), the valuation is already very low. In our view, the sluggish growth outlook for the network equipment market weighs on Nokia's valuation, as without earnings growth the stock is not worth paying particularly high multiples, especially in the current inflation and interest rate environment. However, with the company's strategy progressing well in the coming years, there is still some room for improvement in profitability and some room for growth in market share (and net sales). In the short term, we see improved visibility on 2023 earnings and the resolution of ongoing patent disputes as potential positive drivers for the stock. Therefore, we are already looking forward to the Q4 report and the outlook for this year. The dividend proposal will also be interesting, as Nokia's strong balance sheet would allow for a much higher dividend payment or share buybacks.

## Recommendation

**Accumulate**

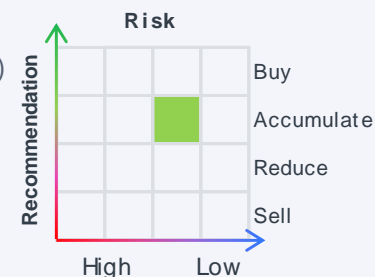
(previous Accumulate)

**EUR 5.30**

(previous EUR 5.30)

**Share price:**

4.56



## Key figures

	2021	2022e	2023e	2024e
<b>Revenue</b>	22,202	24,752	25,594	25,777
<b>growth-%</b>	2%	11%	3%	1%
<b>EBIT adj.</b>	2,775	2,829	3,183	3,182
<b>EBIT-% adj.</b>	12.5 %	11.4 %	12.4 %	12.3 %
<b>Net Income</b>	1,632	1,638	2,065	2,087
<b>EPS (adj.)</b>	0.37	0.39	0.44	0.42

<b>P/E (adj.)</b>	15.3	11.6	10.4	10.7
<b>P/B</b>	1.8	1.4	1.3	1.2
<b>Dividend yield-%</b>	1.4 %	2.6 %	3.9 %	4.8 %
<b>EV/EBIT (adj.)</b>	9.9	7.3	6.1	5.6
<b>EV/EBITDA</b>	8.5	6.3	5.2	4.8
<b>EV/S</b>	1.2	0.8	0.8	0.7

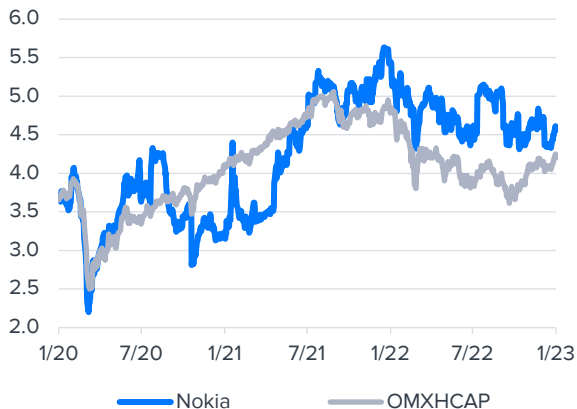
Source: Inderes

## Guidance

(Unchanged)

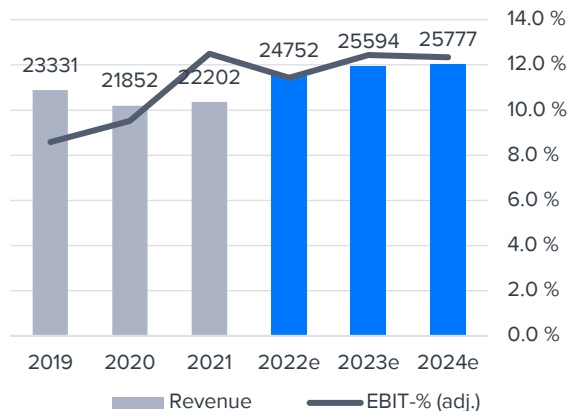
2022: Net sales EUR 23.9-25.1 billion and comparable operating profit 11.0-13.5%

### Share price



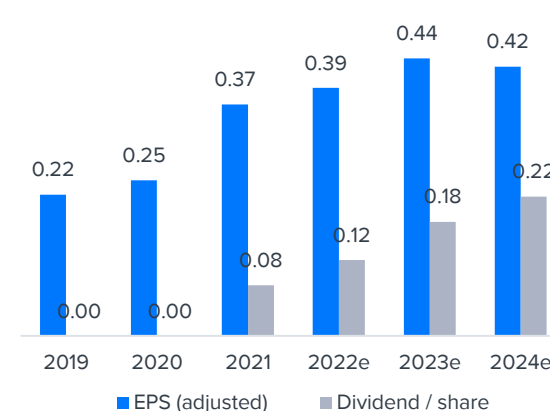
Source: Millstream Market Data AB

### Revenue and EBIT %



Source: Inderes

### EPS and dividend



Source: Inderes



### Value drivers

- A successful turnaround, which seems to be on a solid footing
- Technology cycle of the market offers a positive boost
- Huawei sanctions open up opportunities
- Strategic value of Nokia's technologies
- Stable cash flows of the Technology unit



### Risk factors

- Fierce competitive pressure on the market and price erosion
- Global component shortages and supply chain challenges
- Impact of the worsening economic outlook on operators' investments
- Prolongation of patent disputes and timing of license fees in the Technology Unit

Valuation	2022e	2033e	2024e
Share price	4.56	4.56	4.56
Number of shares, million:	5598.5	5548.5	5548.5
Market cap	25515	25287	25287
EV	20787	19382	17879
P/E (adj.)	11.6	10.4	10.7
P/E	15.1	12.2	12.1
P/FCF	21.4	15.5	9.8
P/B	1.4	1.3	1.2
P/S	1.0	1.0	1.0
EV/Sales	0.8	0.8	0.7
EV/EBITDA	6.3	5.2	4.8
EV/EBIT (adj.)	7.3	6.1	5.6
Payout ratio (%)	40%	48%	58%
Dividend yield-%	2.6 %	3.9 %	4.8 %

Source: Inderes

# Revisions to the timing of patent revenue

- We moved our assumption on the conclusion of contracts with Oppo and Vivo from Q4'22 to Q1'23.
- We forecast a total of more than EUR 200 million in retroactive payments on these contracts, after which the annual net sales of Nokia Technologies is forecast to reach ca. EUR 1.4 billion.
- Otherwise, we made only marginal revisions to the estimates.

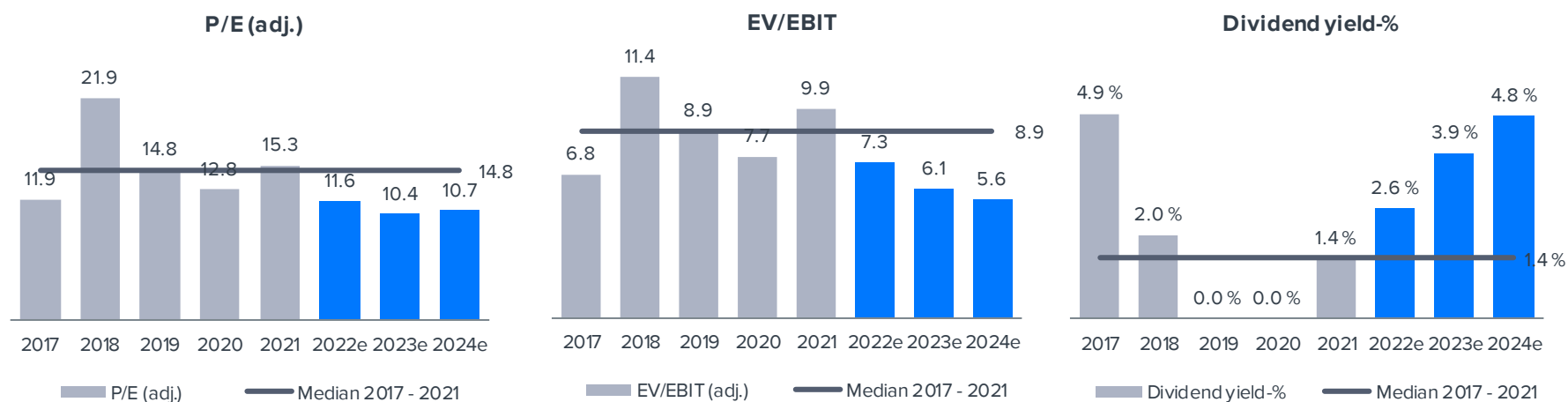
<b>Estimate revisions</b>	<b>2022e</b>	<b>2022e</b>	<b>Change</b>	<b>2023e</b>	<b>2023e</b>	<b>Change</b>	<b>2024e</b>	<b>2024e</b>	<b>Change</b>
<b>MEUR / EUR</b>	<b>Old</b>	<b>New</b>	<b>%</b>	<b>Old</b>	<b>New</b>	<b>%</b>	<b>Old</b>	<b>New</b>	<b>%</b>
<b>Revenue</b>	24967	24752	-1%	25414	25594	1%	25817	25777	0%
<b>EBITDA</b>	3508	3293	-6%	3568	3747	5%	3751	3734	0%
<b>EBIT (exc. NRIs)</b>	3044	2829	-7%	3004	3183	6%	3198	3182	-1%
<b>EBIT</b>	2386	2171	-9%	2524	2703	7%	2848	2832	-1%
<b>PTP</b>	2241	2026	-10%	2409	2588	7%	2733	2717	-1%
<b>EPS (excl. NRIs)</b>	0.42	0.39	-8%	0.41	0.44	6%	0.43	0.42	-1%
<b>DPS</b>	0.12	0.12	0%	0.18	0.18	0%	0.22	0.22	0%

Source: Inderes

# Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	3.89	5.03	3.30	3.15	5.57	<b>4.56</b>	<b>4.56</b>	<b>4.56</b>	<b>4.56</b>
Number of shares, millions	5650	5593	5606	5617	5629	<b>5598</b>	<b>5548</b>	<b>5548</b>	<b>5548</b>
Market cap	21778	28133	18476	17701	31378	<b>25515</b>	<b>25287</b>	<b>25287</b>	<b>25287</b>
EV	17568	24912	17799	15938	27543	<b>20787</b>	<b>19382</b>	<b>17879</b>	<b>16307</b>
P/E (adj.)	11.9	21.9	14.8	12.8	15.3	<b>11.6</b>	<b>10.4</b>	<b>10.7</b>	<b>10.5</b>
P/E	neg.	neg.	>100	neg.	19.3	<b>15.1</b>	<b>12.2</b>	<b>12.1</b>	<b>11.4</b>
P/FCF	8.6	neg.	neg.	11.1	neg.	<b>21.4</b>	<b>15.5</b>	<b>9.8</b>	<b>8.7</b>
P/B	1.3	1.8	1.2	1.4	1.8	<b>1.4</b>	<b>1.3</b>	<b>1.2</b>	<b>1.1</b>
P/S	0.9	1.2	0.8	0.8	1.4	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
EV/Sales	0.8	1.1	0.8	0.7	1.2	<b>0.8</b>	<b>0.8</b>	<b>0.7</b>	<b>0.6</b>
EV/EBITDA	10.1	17.9	8.3	7.9	8.5	<b>6.3</b>	<b>5.2</b>	<b>4.8</b>	<b>4.2</b>
EV/EBIT (adj.)	6.8	11.4	8.9	7.7	9.9	<b>7.3</b>	<b>6.1</b>	<b>5.6</b>	<b>5.0</b>
Payout ratio (%)	neg.	neg.	0.0 %	0.0 %	27.7 %	<b>39.9 %</b>	<b>48.4 %</b>	<b>58.5 %</b>	<b>65.0 %</b>
Dividend yield-%	4.9 %	2.0 %	0.0 %	0.0 %	1.4 %	<b>2.6 %</b>	<b>3.9 %</b>	<b>4.8 %</b>	<b>5.7 %</b>

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	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e
Qualcomm	119604	128076	8.1	10.0	7.5	8.9	3.1	3.4	9.1	11.2	2.4	2.7	7.6
Ciena	7175	7153	24.4	14.3	18.9	12.1	2.2	1.8	37.6	19.9			2.9
Cisco	185787	175635	10.9	10.6	9.9	9.7	3.7	3.5	14.5	13.7	3.1	3.2	4.8
Juniper Networks	9617	10104	13.1	11.4	10.5	9.4	2.0	1.9	16.4	14.1	2.7	2.7	2.3
Motorola	40565	45398	21.4	18.9	18.5	16.8	5.5	5.1	25.5	23.3	1.2	1.3	
ZTE	15673	16164	12.4	10.8	8.1	7.7	0.9	0.8	8.8	7.8	1.8	2.4	1.3
Ericsson	19354	19257	6.8	6.4	5.4	5.0	0.8	0.8	9.8	8.8	4.0	4.3	1.6
Amdocs	10142	10024	13.4	12.5	10.6	10.2	2.4	2.2	17.0	15.4	1.7	1.8	3.1
CommScope	1466	10276	10.4	9.0	8.9	7.7	1.2	1.2	4.5	3.5			
Oracle	216916	295135	16.4	15.3	14.8	12.8	7.5	6.4	18.2	17.6	1.3	1.4	
Viavi	2339	2510	9.5	14.1	8.3	11.8	2.1	2.4	11.9	18.5			2.9
<b>Nokia (Inderes)</b>	<b>25515</b>	<b>20787</b>	<b>7.3</b>	<b>6.1</b>	<b>6.3</b>	<b>5.2</b>	<b>0.8</b>	<b>0.8</b>	<b>11.6</b>	<b>10.4</b>	<b>2.6</b>	<b>3.9</b>	<b>1.4</b>
<b>Average</b>			<b>13.3</b>	<b>12.1</b>	<b>11.0</b>	<b>10.2</b>	<b>2.8</b>	<b>2.7</b>	<b>15.8</b>	<b>14.0</b>	<b>2.3</b>	<b>2.5</b>	<b>3.3</b>
<b>Median</b>			<b>12.4</b>	<b>11.4</b>	<b>9.9</b>	<b>9.7</b>	<b>2.2</b>	<b>2.2</b>	<b>14.5</b>	<b>14.1</b>	<b>2.1</b>	<b>2.5</b>	<b>2.9</b>
<b>Diff-% to median</b>			<b>-41%</b>	<b>-46%</b>	<b>-36%</b>	<b>-47%</b>	<b>-62%</b>	<b>-66%</b>	<b>-20%</b>	<b>-26%</b>	<b>24%</b>	<b>56%</b>	<b>-53%</b>

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

# Income statement

Income statement	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22	Q3'22	Q4'22e	2022e	2023e	2024e	2025e
<b>Revenue</b>	<b>21852</b>	<b>5076</b>	<b>5313</b>	<b>5399</b>	<b>6414</b>	<b>22202</b>	<b>5348</b>	<b>5872</b>	<b>6242</b>	<b>7290</b>	<b>24752</b>	<b>25594</b>	<b>25777</b>	<b>26145</b>
Mobile Networks	10397	2262	2380	2315	2760	9717	2268	2592	2851	3451	11162	11513	11628	11745
Network Infrastructure	6736	1727	1778	1915	2254	7674	1974	2153	2211	2394	8732	8795	8971	9151
Nokia Technologies	1402	365	401	367	369	1502	306	305	305	313	1229	1590	1378	1378
Cloud and Network Services	3087	674	703	748	964	3089	736	754	801	1080	3371	3471	3575	3646
Muut	269	57	62	64	74	257	76	76	84	60	296	260	260	260
One-off items/non-IFRS adjustments	-39	-10	-11	-10	-7	-37	-12	-8	-10	-8	-38	-35	-35	-35
<b>EBITDA</b>	<b>2017</b>	<b>702</b>	<b>758</b>	<b>777</b>	<b>1017</b>	<b>3253</b>	<b>628</b>	<b>847</b>	<b>806</b>	<b>1013</b>	<b>3293</b>	<b>3747</b>	<b>3734</b>	<b>3918</b>
Depreciation	-1132	-271	-273	-274	-277	-1095	-274	-282	-288	-278	-1122	-1044	-903	-883
<b>EBIT (excl. NRI)</b>	<b>2081</b>	<b>551</b>	<b>683</b>	<b>633</b>	<b>909</b>	<b>2775</b>	<b>583</b>	<b>714</b>	<b>658</b>	<b>875</b>	<b>2829</b>	<b>3183</b>	<b>3182</b>	<b>3285</b>
<b>EBIT</b>	<b>885</b>	<b>431</b>	<b>485</b>	<b>503</b>	<b>740</b>	<b>2158</b>	<b>354</b>	<b>565</b>	<b>518</b>	<b>735</b>	<b>2171</b>	<b>2703</b>	<b>2832</b>	<b>3035</b>
Mobile Networks	818	76	250	169	270	765	171	291	277	328	1067	1034	1093	1127
Network Infrastructure	457	187	162	187	248	784	195	247	228	268	938	922	996	1034
Nokia Technologies	1123	286	332	286	282	1185	220	217	207	214	858	1245	1075	1075
Cloud and Network Services	-67	-20	10	30	146	166	20	-6	16	130	160	232	268	299
Other	-251	22	-70	-39	-38	-125	-23	-36	-71	-65	-194	-250	-250	-250
One-off items/non-IFRS adjustments	-1196	-120	-198	-131	-168	-617	-229	-149	-140	-140	-658	-480	-350	-250
Net financial items	-164	-56	-68	-50	-68	-241	-72	-18	12	-25	-103	-120	-120	-150
<b>PTP</b>	<b>743</b>	<b>372</b>	<b>416</b>	<b>447</b>	<b>692</b>	<b>1926</b>	<b>256</b>	<b>541</b>	<b>509</b>	<b>720</b>	<b>2026</b>	<b>2588</b>	<b>2717</b>	<b>2890</b>
Taxes	-3255	-99	-67	-96	-11	-272	-79	-74	-93	-130	-375	-518	-624	-664
Minority interest	-7	-3	-7	-9	-4	-22	-7	-3	-1	-2	-13	-6	-6	-6
<b>Net earnings</b>	<b>-2523</b>	<b>263</b>	<b>342</b>	<b>343</b>	<b>676</b>	<b>1623</b>	<b>212</b>	<b>457</b>	<b>427</b>	<b>589</b>	<b>1684</b>	<b>2065</b>	<b>2087</b>	<b>2221</b>
<b>EPS (adj.)</b>	<b>0.25</b>	<b>0.07</b>	<b>0.09</b>	<b>0.08</b>	<b>0.13</b>	<b>0.37</b>	<b>0.07</b>	<b>0.10</b>	<b>0.10</b>	<b>0.12</b>	<b>0.39</b>	<b>0.44</b>	<b>0.42</b>	<b>0.43</b>
<b>EPS (rep.)</b>	<b>-0.45</b>	<b>0.05</b>	<b>0.06</b>	<b>0.06</b>	<b>0.12</b>	<b>0.29</b>	<b>0.04</b>	<b>0.08</b>	<b>0.08</b>	<b>0.11</b>	<b>0.30</b>	<b>0.37</b>	<b>0.38</b>	<b>0.40</b>

Key figures	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22	Q3'22	Q4'22e	2022e	2023e	2024e	2025e
<b>Revenue growth-%</b>	-6.3 %	3.3 %	4.3 %	2.0 %	-2.1 %	1.6 %	5.4 %	10.5 %	15.6 %	13.7 %	11.5 %	3.4 %	0.7 %	1.4 %
<b>Adjusted EBIT growth-%</b>	3.8 %	368.9 %	61.0 %	30.4 %	-13.8 %	33.4 %	5.8 %	4.5 %	3.9 %	-3.7 %	1.9 %	12.5 %	0.0 %	3.3 %
<b>EBITDA-%</b>	9.2 %	13.8 %	14.3 %	14.4 %	15.9 %	14.7 %	11.7 %	14.4 %	12.9 %	13.9 %	13.3 %	14.6 %	14.5 %	15.0 %
<b>Adjusted EBIT-%</b>	9.5 %	10.9 %	12.8 %	11.7 %	14.2 %	12.5 %	10.9 %	12.2 %	10.5 %	12.0 %	11.4 %	12.4 %	12.3 %	12.6 %
<b>Net earnings-%</b>	-11.5 %	5.2 %	6.4 %	6.4 %	10.5 %	7.3 %	4.0 %	7.8 %	6.8 %	8.1 %	6.8 %	8.1 %	8.1 %	8.5 %

Source: Inderes

# Balance sheet

Assets	2020	2021	2022e	2023e	2024e
<b>Non-current assets</b>	<b>19307</b>	<b>21250</b>	<b>20726</b>	<b>20149</b>	<b>19444</b>
Goodwill	5074	5431	5431	5431	5431
Intangible assets	3284	2418	2059	1704	1330
Tangible assets	2588	2808	2643	2503	2402
Associated companies	233	243	243	243	243
Other investments	745	758	758	758	758
Other non-current assets	5561	8320	8320	8320	8320
Deferred tax assets	1822	1272	1272	1190	960
<b>Current assets</b>	<b>18215</b>	<b>19597</b>	<b>20989</b>	<b>21755</b>	<b>21833</b>
Inventories	2242	2392	2723	2815	2732
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	7698	7601	8614	8958	9048
Cash and equivalents	8275	9604	9653	9982	10053
<b>Balance sheet total</b>	<b>36191</b>	<b>40049</b>	<b>40919</b>	<b>41159</b>	<b>40705</b>

Source: Inderes

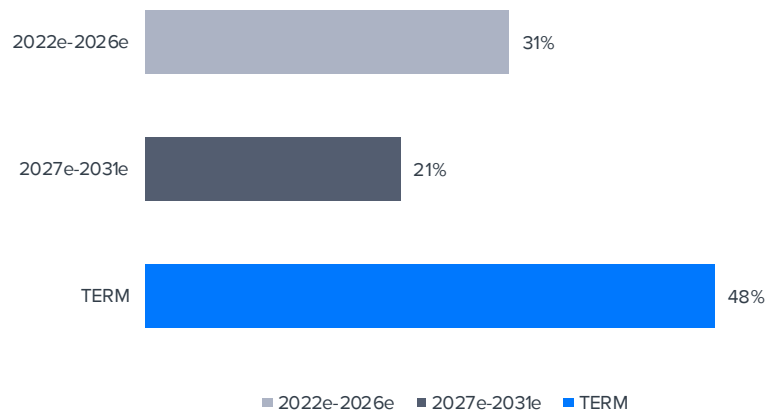
Liabilities & equity	2020	2021	2022e	2023e	2024e
<b>Equity</b>	<b>12545</b>	<b>17462</b>	<b>18696</b>	<b>20089</b>	<b>21177</b>
Share capital	246	246	246	246	246
Retained earnings	-4143	-2537	-1303	90	1178
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	1910	4219	4219	4219	4219
Other equity	14452	15432	15432	15432	15432
Minorities	80	102	102	102	102
<b>Non-current liabilities</b>	<b>12681</b>	<b>11410</b>	<b>9613</b>	<b>8785</b>	<b>7516</b>
Deferred tax liabilities	260	282	282	282	282
Provisions	1532	1569	1400	1200	1000
Long term debt	5736	5361	3833	3205	2136
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	5153	4198	4098	4098	4098
<b>Current liabilities</b>	<b>10965</b>	<b>11177</b>	<b>12611</b>	<b>12286</b>	<b>12012</b>
Short term debt	750	301	978	768	412
Payables	10215	10876	11633	11517	11600
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>36191</b>	<b>40049</b>	<b>40919</b>	<b>41159</b>	<b>40705</b>



# DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
Revenue growth-%	1.6 %	11.5 %	3.4 %	0.7 %	1.4 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %
EBIT-%	9.7 %	8.8 %	10.6 %	11.0 %	11.6 %	12.0 %	11.5 %	11.0 %	10.5 %	10.0 %	9.5 %	9.5 %
<b>EBIT (operating profit)</b>	<b>2158</b>	<b>2171</b>	<b>2703</b>	<b>2832</b>	<b>3035</b>	<b>3184</b>	<b>3098</b>	<b>3007</b>	<b>2914</b>	<b>2817</b>	<b>2716</b>	
+ Depreciation	1095	1122	1044	903	883	635	625	617	611	607	604	
- Paid taxes	300	-375	-436	-394	-404	-498	-655	-632	-609	-685	-659	
- Tax, financial expenses	-34	-19	-24	-28	-35	-35	-20	-20	-20	-20	-20	
+ Tax, financial income	0	0	0	0	0	0	0	0	0	0	0	
- Change in working capital	608	-586	-553	76	24	24	-29	-30	-31	-31	-61	
<b>Operating cash flow</b>	<b>4127</b>	<b>2313</b>	<b>2735</b>	<b>3389</b>	<b>3504</b>	<b>3311</b>	<b>3019</b>	<b>2942</b>	<b>2866</b>	<b>2688</b>	<b>2580</b>	
+ Change in other long-term liabilities	-918	-269	-200	-200	0	0	0	0	0	0	0	
- Gross CAPEX	-4111	-600	-600	-600	-600	-600	-600	-600	-600	-600	-610	
<b>Free operating cash flow</b>	<b>-902</b>	<b>1444</b>	<b>1935</b>	<b>2589</b>	<b>2904</b>	<b>2711</b>	<b>2419</b>	<b>2342</b>	<b>2266</b>	<b>2088</b>	<b>1970</b>	
+/- Other	-9	-254	-300	0	0	0	0	0	0	0	0	
FCFF	-911	1190	1635	2589	2904	2711	2419	2342	2266	2088	1970	29425
<b>Discounted FCFF</b>		<b>1193</b>	<b>1513</b>	<b>2213</b>	<b>2292</b>	<b>1976</b>	<b>1628</b>	<b>1456</b>	<b>1300</b>	<b>1106</b>	<b>964</b>	<b>14398</b>
Sum of FCFF present value		30039	28846	27333	25120	22828	20852	19224	17768	16468	15362	14398
<b>Enterprise value DCF</b>		<b>30039</b>										
- Interesting bearing debt		-5662										
+ Cash and cash equivalents		9604										
-Minorities		-140										
-Dividend/capital return		-450										
<b>Equity value DCF</b>		<b>33416</b>										
<b>Equity value DCF per share</b>		<b>6.0</b>										

## Cash flow distribution



## Wacc

Tax-% (WACC)	25.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	3.5 %
Equity Beta	1.2
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>8.3 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.3 %</b>

Source: Inderes

# Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	23331	21852	22202	<b>24752</b>	<b>25594</b>	EPS (reported)	0.00	-0.45	0.29	<b>0.30</b>	<b>0.37</b>
EBITDA	2146	2017	3253	<b>3293</b>	<b>3747</b>	EPS (adj.)	0.22	0.25	0.37	<b>0.39</b>	<b>0.44</b>
EBIT	486	885	2158	<b>2171</b>	<b>2703</b>	OCF / share	0.12	0.38	0.73	<b>0.41</b>	<b>0.49</b>
PTP	157	743	1926	<b>2026</b>	<b>2588</b>	FCF / share	-0.42	0.28	-0.16	<b>0.21</b>	<b>0.29</b>
Net Income	9	-2523	1623	<b>1684</b>	<b>2065</b>	Book value / share	2.73	2.22	3.08	<b>3.32</b>	<b>3.60</b>
Extraordinary items	-1518	-1196	-617	<b>-658</b>	<b>-480</b>	Dividend / share	0.00	0.00	0.08	<b>0.12</b>	<b>0.18</b>
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	39128	36191	40049	<b>40919</b>	<b>41159</b>	Revenue growth-%	3%	-6%	2%	<b>11%</b>	<b>3%</b>
Equity capital	15401	12545	17462	<b>18696</b>	<b>20089</b>	EBITDA growth-%	54%	-6%	61%	<b>1%</b>	<b>14%</b>
Goodwill	5527	5074	5431	<b>5431</b>	<b>5431</b>	EBIT (adj.) growth-%	-8%	4%	33%	<b>2%</b>	<b>13%</b>
Net debt	-700	-1789	-3942	<b>-4843</b>	<b>-6009</b>	EPS (adj.) growth-%	-3%	10%	49%	<b>7%</b>	<b>12%</b>
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	9.2 %	9.2 %	14.7 %	<b>13.3 %</b>	<b>14.6 %</b>
EBITDA	2146	2017	3253	<b>3293</b>	<b>3747</b>	EBIT (adj.)-%	8.6 %	9.5 %	12.5 %	<b>11.4 %</b>	<b>12.4 %</b>
Change in working capital	-1055	225	608	<b>-586</b>	<b>-553</b>	EBIT-%	2.1 %	4.0 %	9.7 %	<b>8.8 %</b>	<b>10.6 %</b>
Operating cash flow	694	2118	4127	<b>2313</b>	<b>2735</b>	ROE-%	0.1 %	-18.2 %	10.9 %	<b>9.4 %</b>	<b>10.7 %</b>
CAPEX	-2496	-22	-4111	<b>-600</b>	<b>-600</b>	ROI-%	2.5 %	4.6 %	10.3 %	<b>9.1 %</b>	<b>11.4 %</b>
Free cash flow	-2347	1599	-911	<b>1190</b>	<b>1635</b>	Equity ratio	39.4 %	34.7 %	43.6 %	<b>45.7 %</b>	<b>48.8 %</b>
Valuation multiples	2019	2020	2021	2022e	2023e	Gearing	-4.5 %	-14.3 %	-22.6 %	<b>-25.9 %</b>	<b>-29.9 %</b>
EV/S	0.8	0.7	1.2	<b>0.8</b>	<b>0.8</b>						
EV/EBITDA (adj.)	8.3	7.9	8.5	<b>6.3</b>	<b>5.2</b>						
EV/EBIT (adj.)	8.9	7.7	9.9	<b>7.3</b>	<b>6.1</b>						
P/E (adj.)	14.8	12.8	15.3	<b>11.6</b>	<b>10.4</b>						
P/E	1.2	1.4	1.8	<b>1.4</b>	<b>1.3</b>						
Dividend-%	0.0 %	0.0 %	1.4 %	<b>2.6 %</b>	<b>3.9 %</b>						

Lähde: Inderes

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Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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## Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
12/17/2019	Accumulate	3.60 €	3.26 €
2/7/2020	Reduce	3,60 €	3.70 €
4/8/2020	Reduce	3.00 €	2.95 €
5/1/2020	Reduce	3.20 €	3.32 €
8/1/2020	Reduce	4.00 €	4.06 €
9/28/2020	Accumulate	3,60 €	3.24 €
#####	Buy	3.40 €	2.81 €
12/17/2020	Accumulate	3.50 €	3.27 €
2/1/2021	Reduce	3.50 €	3.96 €
2/5/2021	Reduce	3,60 €	3.70 €
3/11/2021	Accumulate	3,60 €	3.40 €
3/19/2021	Accumulate	3,60 €	3.37 €
4/30/2021	Accumulate	4.50 €	3.87 €
7/14/2021	Accumulate	5.40 €	4.99 €
1/0/1900	Virhe	0.00 €	0.00 €
7/29/2021	Accumulate	5.80 €	5.18 €
10/29/2021	Accumulate	5.90 €	5.02 €
1/12/2022	Accumulate	6.20 €	5.44 €
2/4/2022	Accumulate	6.00 €	5.17 €
3/8/2022	Buy	5.20 €	4.33 €
4/29/2022	Accumulate	5.40 €	4.66 €
7/22/2022	Accumulate	5.70 €	5.01 €
10/21/2022	Accumulate	5.30 €	4.39 €
1/11/2023	Accumulate	5.30 €	4.56 €



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