

# Sitowise

## Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Kasvua yritysostojen tuella" published on 11/2/2022 at 6:55 pm

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# Growth through acquisitions

We reiterate our Buy recommendation and EUR 5.50 target price for Sitowise after the Q3 report. The Q3 report was in line with expectations in terms of growth, earnings and the outlook. Sitowise's guidance updated before the result remained unchanged. The order book is at a strong record level, but possible slowdown in demand in Finland and drop in profitability create uncertainty about the earnings level in coming years. When uncertainty dispels and projects start, we expect billable utilization and profitability to improve toward previous levels. In addition to the order book, growth is supported by completed acquisitions next year. Considering the growth, the company's potential and quality, we believe there is upside in the valuation, which together with the dividend raises the expected return to a very attractive level.

## Q3 report in line with expectations

Sitowise's net sales increased by 16% to EUR 45.9 million from the comparison period in line with preliminary data. Most of the growth is explained by acquisitions, but organic net sales also grew by 6% in Q3. The order book was still strong at EUR 175 million and increased by 14% from year-on-year, strengthening 2023 growth. Adjusted EBITA was at Q3'21 level at EUR 4.9 million, in line with preliminary data. The EBITA margin was below the comparison period at 10.7% (Q3'21: 12.4%). Profitability has fallen clearly from its peak levels due to the elimination of COVID savings, and the company has not been immune to the effects of inflation either. In addition, billable utilization lowered by individual project overruns and delays affected the result. However, when uncertainty dispels and projects start, billable utilization and profitability are expected to improve together with alleviating inflationary pressure.

## Softness in the outlook, but the order book still supports

Sitowise reiterated its recently updated guidance, where it expects net sales in euros to increase compared to 2021, and adjusted EBITA in euros to be at the same level or slightly below the level in 2021. Market demand remained strong in Q3, but uncertainty on Finnish construction markets increases the risk of somewhat slower development in technical consulting, which lowered our estimates slightly together with the report figures. We expect Sitowise's growth to be strong and net sales to increase by 13% to some EUR 202 million in 2022. We expect adjusted EBITA to decline to EUR 20.1 million (2021: 21.1 MEUR). In the next few years, we expect an annual growth of around 5%. In 2023, growth is supported by a strong order book and inorganic growth (estimate 9 MEUR). We estimate, profitability to improve (23-24e EBITA % average: 11.1%) toward the company's historical levels and targets (at least 12%) as uncertainty and inflationary pressures alleviate, billing utilization improves, and Digital Solutions grow. There is a risk of a clear decline in market demand and thus billable utilization, and inflationary pressures continuing longer than expected.

## Upside in the valuation makes the expected return attractive

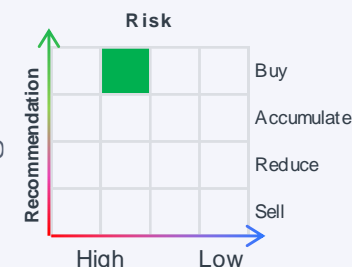
Sitowise's valuation has decreased clearly (2022e: adj. EV/EBITDA: 10x adj. P/E: 12x) and continues to fall in 2023 (EV/EBITDA: 7x, P/E: 11x). Compared to the lower end of our acceptable valuation range (EV/EBITDA: 10-12x, P/E: 16-20x) the share already has an upside with 2022 performance. Compared to the peer group, Sitowise is some 20% below its peers in the next few years, while based on historical performance we believe a premium (+10%) should be accepted for Sitowise. In addition to the upside in the valuation, the 3% dividend yield supports the expected return. Our DCF calculation (EUR 5.6) also gives a higher value than the current share price, supporting our recommendation.

## Recommendation

**Buy**  
(previous Buy)

**EUR 5.50**  
(previous EUR 5.50)

**Share price:**  
4.15



## Key figures

	2021	2022e	2023e	2024e
<b>Revenue</b>	179.3	201.8	214.7	225.2
<b>growth-%</b>	12 %	13 %	6 %	5 %
<b>EBIT adj.</b>	21.1	20.1	23.2	25.9
<b>EBIT-% adj.</b>	11.8 %	10.0 %	10.8 %	11.5 %
<b>Net Income</b>	7.8	8.2	14.0	16.1
<b>EPS (adj.)</b>	0.29	0.35	0.39	0.46

<b>P/E (adj.)</b>	27.4	12.0	10.5	9.1
<b>P/B</b>	2.5	1.2	1.1	1.0
<b>Dividend yield-%</b>	1.2 %	2.9 %	3.4 %	3.9 %
<b>EV/EBIT (adj.)</b>	18.2	12.9	10.4	8.5
<b>EV/EBITDA</b>	13.3	9.5	6.9	6.0
<b>EV/S</b>	1.9	1.1	1.0	0.9

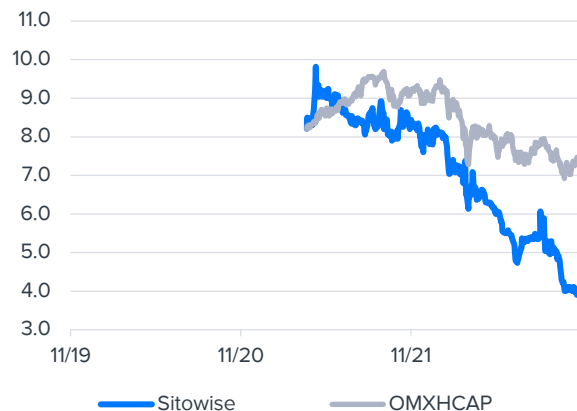
Source: Inderes

## Guidance

(Unchanged)

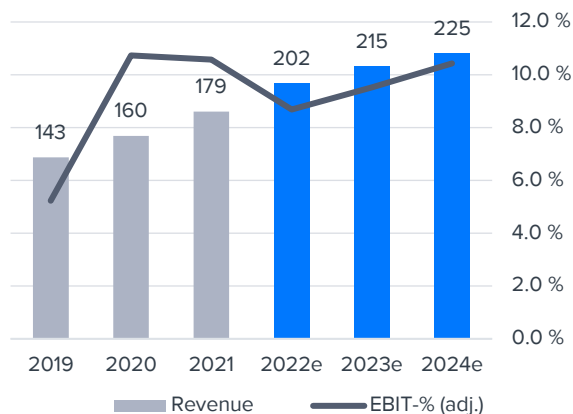
Sitowise expects that the net sales in euros will increase compared to 2021, and that the adjusted EBITA in euros will be at the same level or slightly below the adjusted EBITA in 2021.

## Share price



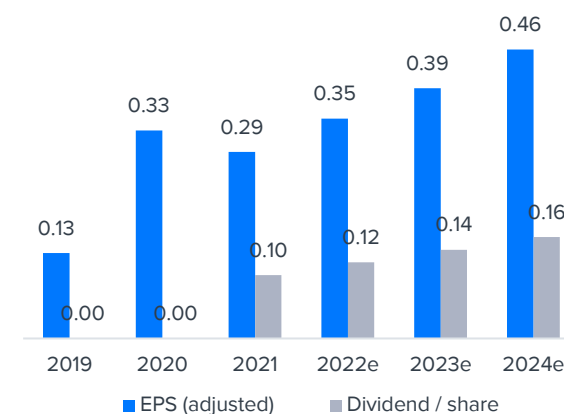
Source: Millstream Market Data AB

## Revenue and EBIT %



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- Faster organic growth than market growth and acquisitions
- Maintaining high profitability
- Expansion into Nordic countries
- Extending the offering
- Strong cash flow and low investment need
- Efficient and fragmented business model, as well as digitalization expertise create competitive advantage
- Increasing share of consulting and planning in construction value chain supported by megatrends
- Opportunities created by sustainable development regulation



## Risk factors

- Cyclicity of the underlying construction market
- Sustainably maintaining high profitability levels
- Weakening of the market after good years
- Challenges created by Nordic expansion and a new market
- Failure in acquisitions
- Dependency on personnel and adequacy of incentives for key personnel

Valuation	2022e	2023e	2024e
Share price	4.15	4.15	4.15
Number of shares, millions	35.4	35.4	35.4
Market cap	147	147	147
EV	226	212	199
P/E (adj.)	12.0	10.5	9.1
P/B	1.2	1.1	1.0
EV/Sales	1.1	1.0	0.9
EV/EBITDA	9.5	6.9	6.0
EV/EBIT (adj.)	12.9	10.4	8.5
Payout ratio (%)	52.0 %	35.5 %	35.1 %
Dividend yield-%	2.9 %	3.4 %	3.9 %

Source: Inderes

# Report was in line with expectations

## Strong growth in net sales

Sitowise's net sales increased by 16% to some EUR 45.9 million from the comparison period in line with the company's preliminary data. Most of the growth is explained by acquisitions made by the company, but organic net sales also grew by 6% in Q1. By business line Digital Solutions (+27%) showed strong growth. In Sweden, net sales growth strengthened (20%) and was mainly organic. Strengthening net sales growth in Buildings (17%) and Infrastructure (8%) does not yet give clear indication of a slowdown in the market. The order book remained at a strong level of EUR 175 million, up 14% year-on-year. This bodes good for the growth prospects in the next few years.

## Profitability suffers

Adjusted EBITA was at the level of the comparison period at EUR 4.9 million (Q3' 21: (4.9 MEUR) in line with preliminary data. The EBITA margin fell to 10.7%

year-on-year (Q3'21: 12.4%). Profitability has fallen clearly from its peak levels due to the elimination of COVID savings, and the company has not been immune to the effects of inflation either. In addition, the billable utilization lowered by individual project overruns and delays affected the result. Even based on profitability, billable utilization was lower in Q3 (76.0%) than in the comparison period (77.1%). Maintaining or improving billable utilization is important for the company to maintain profitability at the company's target level of at least 12% (EBITA %). Figures reported in lower lines were below our estimates due to adjustment items (0.4 MEUR). The items are mainly related to acquisition arrangements. Operating cash flow improved from the comparison period and was at a good level of EUR 9.6 million by Q3 (Q1-Q3'21: 8.8 MEUR). Financial indicators are also at a good level (equity ratio: 44%, net debt/adjusted EBITDA: 2.9x).

## Updated guidance was reiterated, softness in outlook

Sitowise reiterated its recently updated guidance for 2022. The company expects that the net sales in euros will increase compared to 2021, and that the adjusted EBITA in euros will be at the same level or slightly below the adjusted EBITA in 2021(2021: 21.1 MEUR). According to the outlook, demand has remained stable in Sweden, but uncertainty on the Finnish construction market increases the risk of a slightly slower development in technical consulting. A slightly slower development would not be very dramatic, e.g., compared to the decline in the share price. The order book that grew by around 14% also provides good support for growth prospects together with the company's active acquisition rate.

Estimates MEUR / EUR	Q3'21	Q3'22	Q3'22e	Q3'22e	Consensus		Difference (%)	2022e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	39.6	45.9	45.9				0%	202
EBITA (oik.)	4.9	4.9	4.9				0%	20.5
EBIT	4.0	3.7	4.3				-14%	15.0
PTP	3.3	3.3	3.7				-11%	12.0
EPS (reported)	0.07	0.08	0.08				-5%	0.26
Revenue growth-%	14.9 %	16.0 %	16.0 %				0 pp	12.5 %
EBITA-% (oik.)	12.4 %	10.7 %	10.7 %				0 pp	10.2 %

Source: Inderes

# Small adjustment to estimates

## Growth remains good in our estimates

Our estimates decreased slightly based on the outlook and figures of the report. After the weaker market period in 2021, the market has been stronger this year, although we are now seeing a slowdown. We do, however, expect organic growth to continue in 2022 and it is supported by acquisitions made by the company. We expect net sales to grow by 13% to ca. EUR 202 million in 2022.

We expect that the profitability margin will decrease. According to our estimates, the company's expansion phase, recruitment for growth (+staff training), comparison periods that were boosted by COVID savings, and cost pressures will burden Sitowise's profitability in the near future. Examples of this were also seen in this year's profitability as the company returns to normal activity after COVID.

We now expect the adjusted EBITA to fall to EUR 20.1 million and the margin to decline to 10.0% from 11.8% in the comparison period. This is clearly below the peak level (2020: 12.9%), and the company's target of at least 12%.

## Growth expected to continue in the coming years

For 2023, we expect market growth to remain moderate (1-2 %) and to support organic growth. In addition, completed acquisitions will support growth in 2023. We expect net sales to grow by 6% to around EUR 215 million. Organic growth is supported by the company's expanded offering and good long-term market trends, as well as an increase in the consultation penetration rate and Sitowise's digitalization expertise. Organic growth is, however, slowed down by the postponement and uncertainty of construction investments, especially in the early

part of the year. We expect acquisitions will already support growth by around EUR 9 million in 2023, which means that organic growth is below 2%. As uncertainty dispels and billable utilization improves, we expect earnings growth in 2023 as the risk factors in the market also subside (inflation) and front-loaded costs start to pay off. We predict that the adjusted EBITA for 2023 will rise to EUR 23.2 million and that the margin will be 10.8%.

In the longer term, we expect the company's growth to be at a good level reflecting the targets (+10% incl. acquisitions) (21-25e: 7%) and as the consolidation and penetration trends continue. We expect earnings growth to be strong as margins return closer to the 12% level (EPS growth 21-25: 24% CAGR).

Estimate revisions	2022e		Change	2023e		Change	2024e		Change	
	MEUR / EUR	Old		New	%		Old	New		%
Revenue		202	202	0%	215	215	0%	225	225	0%
EBITA (oik.)		20.5	20.1	-2%	23.6	23.2	-2%	26.3	25.9	-2%
EBITA		17.1	16.0	-6%	23.6	23.2	-2%	26.3	25.9	-2%
PTP		12.0	10.7	-11%	18.2	17.5	-4%	21.0	20.2	-3%
EPS (excl. NRIs)		0.35	0.35	-2%	0.41	0.39	-4%	0.47	0.46	-3%
DPS		0.14	0.12	-14%	0.16	0.14	-13%	0.18	0.16	-11%

# Valuation is attractive

## Acceptable valuation

Our acceptable valuation level mirrors the company's Nordic peers and their historical valuation. When looking at Sitowise's valuation, the company's historical performance, strong willingness to grow and better profitability than among peers should be noted. Our acceptable valuation range for Sitowise is: P/E 16-20x and EV/EBITDA: 10-12x. In line with our previous comments, we lowered the minimum of our range as the company's result was below our previous expectations. In addition, risks and required returns have increased in the market.

## Absolute multiples

We find the share's 2022 valuation quite moderate (2022e: adj. EV/EBITDA: 10x adj. P/E: 12x). Relative to the lower end of the acceptable valuation range (P/E: 16x, EV/EBITDA: 10x) the share offers a clear upside. In 2023, the valuation continues to drop further (2023e: adj. P/E: 11x adj. EV/EBITDA: 7) which supports a positive recommendation.

We are relying on the lower end of our acceptable range due to increased market risks. Uncertainty about the final effects of the market situation also increases the risks for Sitowise. In addition, although consulting and design companies are valued higher than average on the stock exchange, the quality and performance of the company is already well reflected in our range.

We expect a rising dividend from the company in coming years even though we revised them downward in connection with the Q3 result. At current levels, the dividend yield is reasonable at around 3% and supports the expected return.

## Peer group valuation

The valuation of the peer group has clearly decreased from its high levels in 2021. The 2022 median valuations of the peers (P/E: 18x, EV/EBITDA: 9x) have, however, remained highish and are well above Sitowise. The 2023 peer valuation drops (P/E: 14x, EV/EBITDA: 9x), but Sitowise is still at a clear discount compared to this. Sitowise is currently valued 20% below the peers for 2022-23. We believe it is justified to price Sitowise below the peer group (+10%), due to the combination of historical profitability and future growth, which would indicate a clear upside in the current valuation.

## DCF valuation

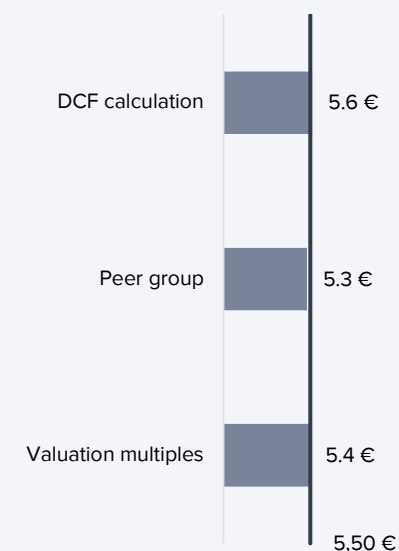
We also use DCF in the valuation. The value indicated by the DCF (EUR 5.6) is higher than the current share price and our target price. However, due to the company's acquisition-driven growth, our organic growth-based estimates do not necessarily give the best picture of the company's valuation.

In our model, the company's net sales growth stabilizes at 1% in the terminal period after stronger medium-term growth, and the EBIT margin is 10.0% of net sales. The average cost of capital (WACC) used is 8.4% and the cost of equity is 10.8%. The level of required return is already low, although we have raised it slightly as market risks have grown. However, we consider the risks smaller than those of companies in, e.g., the construction sector, which justifies a lower level of required return.

Valuation	2022e	2023e	2024e
Share price	4.15	4.15	4.15
Number of shares, millions	35.4	35.4	35.4
Market cap	147	147	147
EV	226	212	199
P/E (adj.)	12.0	10.5	9.1
P/B	1.2	1.1	1.0
EV/Sales	1.1	1.0	0.9
EV/EBITDA	9.5	6.9	6.0
EV/EBIT (adj.)	12.9	10.4	8.5
Payout ratio (%)	52.0 %	35.5 %	35.1 %
Dividend yield-%	2.9 %	3.4 %	3.9 %

Source: Inderes

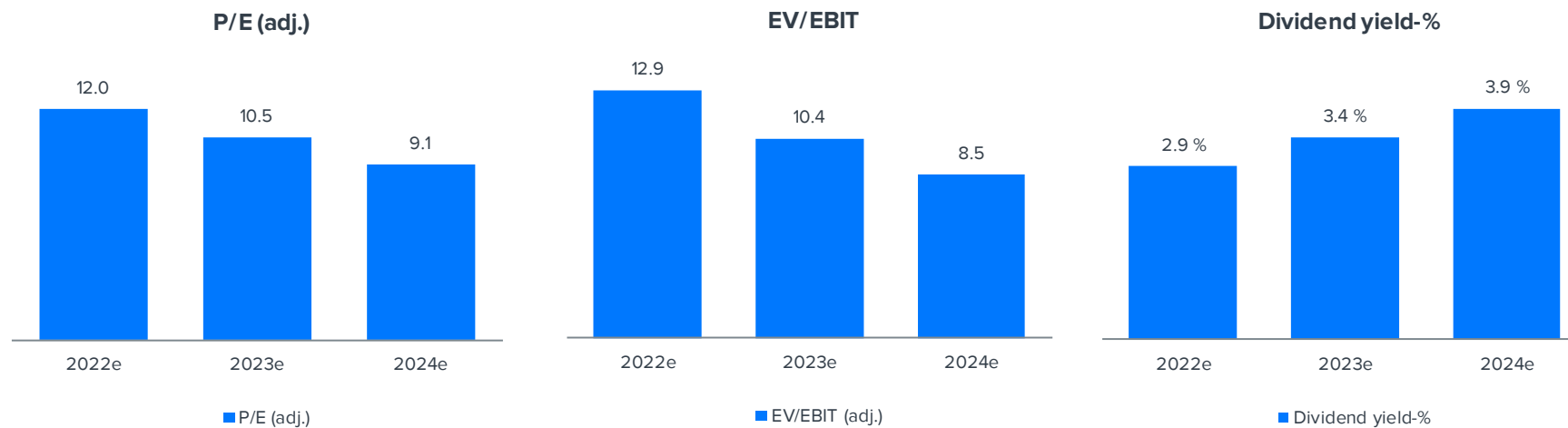
## Target price formation



# Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price					8.05	4.15	4.15	4.15	4.15
Number of shares, millions					35.4	35.4	35.4	35.4	35.4
Market cap					285	147	147	147	147
EV					345	226	212	199	186
P/E (adj.)					27.4	12.0	10.5	9.1	8.0
P/B					2.5	1.2	1.1	1.0	1.0
EV/Sales					1.9	1.1	1.0	0.9	0.8
EV/EBITDA					13.3	9.5	6.9	6.0	5.3
EV/EBIT (adj.)					18.2	12.9	10.4	8.5	7.1
Payout ratio (%)					45.2 %	52.0 %	35.5 %	35.1 %	40.0 %
Dividend yield-%					1.2 %	2.9 %	3.4 %	3.9 %	5.0 %

Source: Inderes



# Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e
Sweco AB	2855	3290	16.7	17.0	12.2	12.0	19.4	18.9	2.9	3.0	3.3
Afry AB											
Rejlers AB	242	282	13.1	12.8	7.9	7.8	14.4	14.4	3.0	3.2	2.0
WSP Global Inc	15183	16720	24.0	20.2	14.8	12.6	29.5	25.4	0.9	0.9	3.4
Solwers Oyj		72	16.0	14.0	10.0	9.0					
Etteplan Oyj	320	394	13.8	13.1	8.1	7.9	16.1	14.3	2.8	3.5	3.0
Arcadis NV	3153	3424	12.2	10.3	8.8	7.7	15.9	14.2	2.6	3.0	2.8
<b>Sitowise (Inderes)</b>	<b>147</b>	<b>226</b>	<b>12.9</b>	<b>10.4</b>	<b>9.5</b>	<b>6.9</b>	<b>12.0</b>	<b>10.5</b>	<b>2.9</b>	<b>3.4</b>	<b>1.2</b>
<b>Average</b>			<b>16.0</b>	<b>14.6</b>	<b>10.3</b>	<b>9.5</b>	<b>19.0</b>	<b>17.4</b>	<b>2.4</b>	<b>2.7</b>	<b>2.9</b>
<b>Median</b>			<b>14.9</b>	<b>13.6</b>	<b>9.4</b>	<b>8.4</b>	<b>16.1</b>	<b>14.4</b>	<b>2.8</b>	<b>3.0</b>	<b>3.0</b>
<b>Diff-% to median</b>			<b>-14%</b>	<b>-24%</b>	<b>1%</b>	<b>-18%</b>	<b>-26%</b>	<b>-27%</b>	<b>3%</b>	<b>13%</b>	<b>-60%</b>

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



# Income statement

Income statement	2019	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>	143.0	160.1	42.80	46.51	39.57	50.46	179.3	49.20	51.72	45.92	54.94	201.8	214.7	225.2	236.5
<b>EBITDA</b>	19.3	26.3	5.9	6.5	6.5	6.9	25.8	5.4	5.2	6.5	6.6	23.7	30.6	33.0	35.0
Depreciation	-8.7	-8.0	-2.3	-2.3	-2.5	-2.4	-9.4	-2.5	-2.5	-2.7	-2.6	-10.3	-10.2	-9.6	-8.8
<b>EBITA (adj.)</b>	15.5	20.6	4.7	5.9	4.9	5.6	21.1	5.2	4.9	4.9	5.1	20.1	23.2	25.9	28.6
<b>EBITA</b>	13.8	12.3	4.1	4.7	4.6	5.2	18.6	3.5	3.3	4.5	4.7	16.0	23.2	25.9	28.6
<b>EBIT</b>	10.6	18.3	3.7	4.2	4.0	4.6	16.4	2.9	2.7	3.7	4.0	13.4	20.4	23.5	26.2
Net financial items	-2.3	-2.4	-4.7	0.1	-0.7	-0.8	-6.1	-1.4	-0.3	-0.4	-0.6	-2.7	-2.9	-3.2	-3.2
<b>PTP</b>	8.4	15.9	-1.1	4.3	3.3	3.7	10.3	1.5	2.4	3.3	3.4	10.7	17.5	20.2	22.9
Taxes	-0.5	-3.2	0.3	-0.9	-0.7	-1.0	-2.4	-0.4	-0.8	-0.5	-0.7	-2.4	-3.5	-4.0	-4.6
Minority interest	0.0	-0.1	0.0	-0.1	-0.1	0.0	-0.1	0.0	-0.1	0.0	0.0	-0.1	-0.1	-0.1	-0.1
<b>Net earnings</b>	7.9	12.6	-0.8	3.3	2.5	2.7	7.8	1.1	1.5	2.8	2.7	8.2	14.0	16.1	18.3
<b>EPS (adj.)</b>	0.13	0.33	-0.01	0.14	0.08	0.09	0.29	0.08	0.09	0.09	0.09	0.35	0.39	0.46	0.52
<b>EPS (rep.)</b>	0.22	0.36	-0.02	0.09	0.07	0.08	0.22	0.03	0.04	0.08	0.08	0.23	0.39	0.46	0.52
<b>Key figures</b>	<b>2019</b>	<b>2020</b>	<b>Q1'21</b>	<b>Q2'21</b>	<b>Q3'21</b>	<b>Q4'21</b>	<b>2021</b>	<b>Q1'22</b>	<b>Q2'22</b>	<b>Q3'22</b>	<b>Q4'22e</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>
<b>Revenue growth-%</b>	13.8 %	11.9 %	6.9 %	7.6 %	14.9 %	19.0 %	12.0 %	15.0 %	11.2 %	16.0 %	8.9 %	12.5 %	6.4 %	4.9 %	5.0 %
<b>Adjusted EBITA growth %</b>		33.3 %	-8.9 %	-17.2 %	11.1 %	44.0 %	2.4 %	10.4 %	-17.3 %	0.0 %	-8.3 %	-4.7 %	15.4 %	11.5 %	10.5 %
<b>Adjusted EBITA-%</b>	10.8 %	12.9 %	11.0 %	12.7 %	12.4 %	11.1 %	11.8 %	10.6 %	9.5 %	10.7 %	9.3 %	10.0 %	10.8 %	11.5 %	12.1 %
<b>Net earnings-%</b>	5.5 %	7.9 %	-1.8 %	7.2 %	6.4 %	5.4 %	4.4 %	2.3 %	2.9 %	6.1 %	5.0 %	4.0 %	6.5 %	7.2 %	7.7 %

Source: Inderes

# Balance sheet

Assets	2020	2021	2022e	2023e	2024e
<b>Non-current assets</b>	<b>160</b>	<b>177</b>	<b>198</b>	<b>196</b>	<b>194</b>
Goodwill	118	135	155	155	155
Intangible assets	5.7	7.5	8.9	6.1	3.6
Tangible assets	34.2	31.4	31.8	32.4	33.3
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	1.7	1.9	1.9	1.9	1.9
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.3	1.1	1.1	1.1	1.1
<b>Current assets</b>	<b>61.6</b>	<b>72.7</b>	<b>76.0</b>	<b>88.6</b>	<b>104</b>
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	46.1	53.3	59.5	63.3	66.4
Cash and equivalents	15.5	19.4	16.5	25.3	37.8
<b>Balance sheet total</b>	<b>222</b>	<b>250</b>	<b>274</b>	<b>285</b>	<b>299</b>

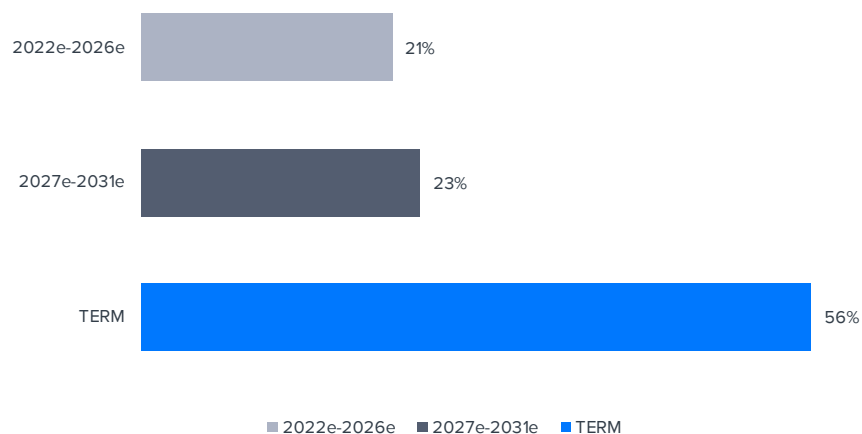
Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
<b>Equity</b>	<b>66.9</b>	<b>115</b>	<b>119</b>	<b>129</b>	<b>140</b>
Share capital	0.0	0.1	0.1	0.1	0.1
Retained earnings	11.4	18.8	23.5	33.2	44.3
Hybrid bonds	14.1	0.0	0.0	0.0	0.0
Revaluation reserve	0.2	0.3	0.3	0.3	0.3
Other equity	41.0	95.5	95.5	95.5	95.5
Minorities	0.1	0.2	0.2	0.2	0.2
<b>Non-current liabilities</b>	<b>94.5</b>	<b>72.6</b>	<b>86.6</b>	<b>81.6</b>	<b>81.6</b>
Deferred tax liabilities	2.0	1.6	1.6	1.6	1.6
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	92.6	71.0	85.0	80.0	80.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>60.1</b>	<b>62.3</b>	<b>68.2</b>	<b>73.8</b>	<b>76.8</b>
Short term debt	9.4	7.6	10.0	10.0	10.0
Payables	47.3	51.0	54.5	60.1	63.1
Other current liabilities	3.4	3.7	3.7	3.7	3.7
<b>Balance sheet total</b>	<b>222</b>	<b>250</b>	<b>274</b>	<b>285</b>	<b>299</b>

# DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
Revenue growth-%	12.0 %	12.5 %	6.4 %	4.9 %	5.0 %	4.0 %	3.0 %	4.0 %	2.5 %	2.0 %	1.0 %	1.0 %
EBIT-%	9.1 %	6.6 %	9.5 %	10.4 %	11.1 %	11.0 %	10.5 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %
<b>EBIT (operating profit)</b>	<b>16.4</b>	<b>13.4</b>	<b>20.4</b>	<b>23.5</b>	<b>26.2</b>	<b>27.1</b>	<b>26.6</b>	<b>26.3</b>	<b>27.0</b>	<b>27.7</b>	<b>27.9</b>	
+ Depreciation	9.4	10.3	10.2	9.6	8.8	8.3	8.1	8.0	7.6	7.6	7.7	
- Paid taxes	-3.6	-2.4	-3.5	-4.0	-4.6	-4.8	-4.7	-4.6	-4.8	-4.9	-5.0	
- Tax, financial expenses	-1.4	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-3.2	-2.8	1.8	-0.2	-0.2	-0.1	-0.1	-0.2	-0.1	-0.1	0.0	
<b>Operating cash flow</b>	<b>17.7</b>	<b>17.9</b>	<b>28.4</b>	<b>28.2</b>	<b>29.6</b>	<b>29.8</b>	<b>29.3</b>	<b>28.9</b>	<b>29.1</b>	<b>29.7</b>	<b>30.0</b>	
+ Change in other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-25.8	-31.4	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-7.8	
<b>Free operating cash flow</b>	<b>-8.2</b>	<b>-13.5</b>	<b>20.4</b>	<b>20.2</b>	<b>21.6</b>	<b>21.8</b>	<b>21.3</b>	<b>20.9</b>	<b>21.1</b>	<b>21.7</b>	<b>22.2</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	-8.2	-13.5	20.4	20.2	21.6	21.8	21.3	20.9	21.1	21.7	22.2	305
<b>Discounted FCFF</b>		<b>-13.3</b>	<b>18.6</b>	<b>17.0</b>	<b>16.7</b>	<b>15.6</b>	<b>14.1</b>	<b>12.8</b>	<b>11.9</b>	<b>11.3</b>	<b>10.7</b>	<b>146</b>
Sum of FCFF present value		261	275	256	239	222	207	193	180	168	157	146
<b>Enterprise value DCF</b>		<b>261</b>										
- Interesting bearing debt		-78.6										
+ Cash and cash equivalents		19.4										
-Minorities		-0.2										
-Dividend/capital return		-3.5										
<b>Equity value DCF</b>		<b>198</b>										
<b>Equity value DCF per share</b>		<b>5.6</b>										

Cash flow distribution



## Wacc

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

Source: Inderes

# Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	143.0	160.1	179.3	201.8	214.7	EPS (reported)	0.22	0.36	0.22	0.23	0.39
EBITDA	19.3	26.3	25.8	23.7	30.6	EPS (adj.)	0.13	0.33	0.29	0.35	0.39
EBIT	10.6	18.3	16.4	13.4	20.4	OCF / share	0.62	0.79	0.50	0.51	0.80
PTP	8.4	15.9	10.3	10.7	17.5	FCF / share	-0.65	-0.15	-0.23	-0.38	0.58
Net Income	7.1	12.7	7.8	8.2	14.0	Book value / share	1.62	1.90	3.24	3.37	3.65
Extraordinary items	3.2	1.1	-2.6	-4.1	0.0	Dividend / share	0.00	0.00	0.10	0.12	0.14
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	188.4	221.5	249.8	274.2	284.6	Revenue growth-%	14%	12%	12%	13%	6%
Equity capital	57.4	66.9	114.9	119.5	129.2	EBITDA growth-%	-1%	36%	-2%	-8%	29%
Goodwill	101.7	118.1	135.2	154.6	154.6	EBIT (adj.) growth-%	-41%	130%	10%	-8%	17%
Net debt	74.8	86.5	59.3	78.5	64.7	EPS (adj.) growth-%	-47%	144%	-10%	18%	14%
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	13.5 %	16.4 %	14.4 %	11.8 %	14.3 %
EBITDA	19.3	26.3	25.8	23.7	30.6	EBIT (adj.)-%	5.2 %	10.7 %	10.6 %	8.7 %	9.5 %
Change in working capital	3.1	2.1	-3.2	-2.8	1.8	EBIT-%	7.4 %	11.4 %	9.1 %	6.6 %	9.5 %
Operating cash flow	21.7	27.9	17.7	17.9	28.4	ROE-%	15.4 %	20.4 %	8.6 %	7.0 %	11.2 %
CAPEX	-43.8	-33.1	-25.8	-31.4	-8.0	ROI-%	8.5 %	11.7 %	9.0 %	6.6 %	9.4 %
Free cash flow	-22.9	-5.1	-8.2	-13.5	20.4	Equity ratio	30.4 %	30.2 %	46.0 %	43.6 %	45.4 %
						Gearing	130.4 %	129.3 %	51.6 %	65.7 %	50.1 %
Valuation multiples	2019	2020	2021	2022e	2023e						
EV/S	0.5	0.5	1.9	1.1	1.0						
EV/EBITDA (adj.)	3.9	3.3	13.3	9.5	6.9						
EV/EBIT (adj.)	10.0	5.0	18.2	12.9	10.4						
P/E (adj.)	0.0	0.0	27.4	12.0	10.5						
P/B	0.0	0.0	2.5	1.2	1.1						
Dividend-%			1.2 %	2.9 %	3.4 %						

Source: Inderes

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Date	Recommendation	Target price	Share price
29-03-21	Reduce	8.60 €	8.50 €
20-05-21	Accumulate	9.30 €	8.78 €
26-08-21	Accumulate	9.30 €	8.27 €
11-11-21	Accumulate	9.30 €	8.33 €
03-03-22	Accumulate	7.60 €	6.50 €
04-05-22	Accumulate	7.20 €	6.05 €
19-05-22	Buy	7.20 €	5.74 €
18-08-22	Accumulate	6.50 €	5.50 €
27-10-22	Buy	5.50 €	3.90 €
02-11-22	Buy	5.50 €	4.15 €



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