Revenio Group

Company report

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This report is a summary translation of the report "Kyllä tämä ennen pitkään oikenee" published on 08/11/2023 7:55 am EEST.

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Getting back on track before long

We reiterate our Accumulate recommendation and EUR 26.0 target price for Revenio. The Q2 result was weaker than expected, but the outlook for 2023 remained unchanged. In our view, the current period of weakness is transitory and there have been no major changes in longer-term fundamentals. The company will return to strong earnings growth next year, although there is considerable uncertainty around the rate of the growth. Valuation (2024e EV/EBIT 18x) is below peers, but this will change as growth bounces back and confidence in the future returns.

There was no need to wait for the weakness indicated by the profit warning

Revenio's net sales in Q2 totaled EUR 22.3 million, down 8.7% from a very strong comparison period. This was a clear disappointment as we understood from the profit warning that the weakness was only starting for H2 (cf. our previous update). However, demand had already weakened, especially in the optometry sector. The sales margin was as strong as usual at over 70%, but with net sales down and fixed costs unchanged, the strong earnings leverage deals a nasty blow back. The EBIT also included a one-off item of EUR -0.8 million and adjusted for it, the margin was 24.6% (Q2'22: 29.2%). Earnings per share decreased to only EUR 0.12 (Q2'22: EUR 0.20), which was a sharp deviation from our forecast (EUR 0.17). However, when net sales start to grow again, the same mechanism will drive strong earnings growth.

Our estimates seem reasonable with the new data too

Revenio naturally reiterated the guidance given in the profit warning, where the company expects currency-rate adjusted revenue growth in 2023 to be 1-5% and profitability to be at a good level excluding non-recurring items. Although growth is weak, there is no discernible change in the competitiveness of the company or its products. One hole in the growth is made by the obsolescence of the Maia product, as this brought the company EUR 5 million of revenue in H2'22 alone. The company expects the next 6-9 months to be challenging but said its long-term growth target and outlook remain unchanged. We had expected Revenio's growth rate to accelerate from Q2'24 onwards, supported not only by the expected market pick-up but also by weaker comparison periods. Growth in 2024 will also be supported by the launch of the updated Maia product, although the timetable is still unclear. Ultimately, we did not make any significant revisions to our estimates that we updated after the profit warning, and we see the company as well positioned to return to annual growth of over 15% in the coming years. However, the Q2 report did not address all concerns about the length of the growth path for existing core products.

Valuation rises as growth picks up again

The exceptional profit warning for Revenio derailed the company's earnings growth story, which means that the acceptable valuation was reassessed too. The 2023 multiples (adj. EV/EBIT around 23x) are not yet sufficient as earnings growth goes in the wrong direction, but as the growth story gets back on track in 2024, the valuation will rise from current levels (2024e adj. EV/ EBIT ~18x). Revenio, which has captured market share in recent years, is now also priced below the median of its peer group, which in our view is not justified. Valuation have therefore returned to the level of ordinary mortals, reflecting weaker earnings growth, which is an opportunity for the long-term investor. The sharp decline also makes the company an increasingly interesting takeover target, and we would be surprised if Demant (which owned over 16% of Revenio as of July 31) had not already increased its stake. If this is the case, we expect this to support the stock in the difficult period ahead.

Recommendation

Accumulate
(previous Accumulate)

EUR 26.00
(previous EUR 26.00)

Share price:
23.20

Key figures

|	2022	2023e	2024e	2025e
Revenue	97	96	108	125
growth-%	23%	-1%	12%	16%
EBIT adj.	30.9	26.2	32.1	39.3
EBIT-% adj.	31.8 %	27.4 %	29.9 %	31.6 %
Net Income	21.8	17.7	23.6	29.3
EPS (adj.)	0.86	0.74	0.93	1.15
P/E (adj.)	44.6	31.3	24.8	20.2
P/B	11.3	6.2	5.5	4.7
Dividend yield-%	0.9 %	1.6 %	1.9 %	2.6 %
EV/EBIT (adj.)	32.9	22.8	18.1	14.4
EV/EBITDA	30.6	21.3	16.7	13.4
EV/S	10.5	6.2	5.4	4.5

Source: Inderes

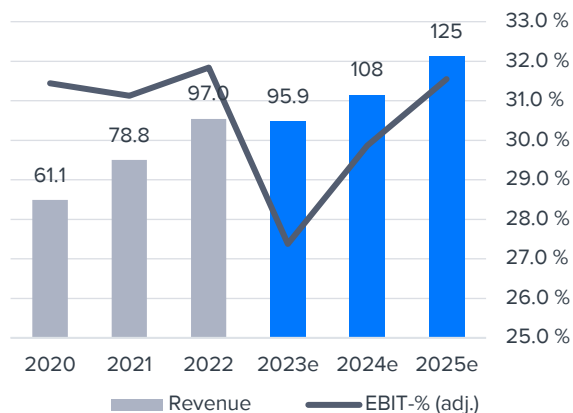## Guidance   (Unchanged)

Revenio Group's exchange rate-adjusted net sales growth is estimated to be between 1 - 5 percent compared to the previous year and profitability, excluding non-recurring items, is estimated to remain at a good level.
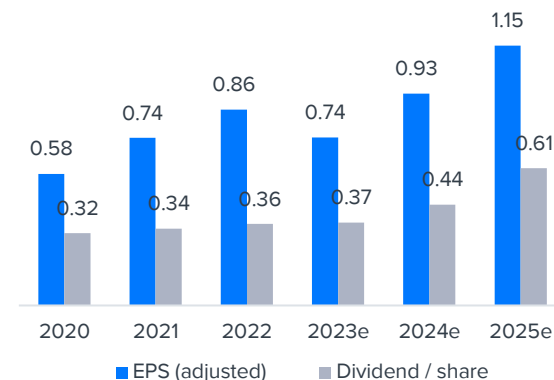
Share price
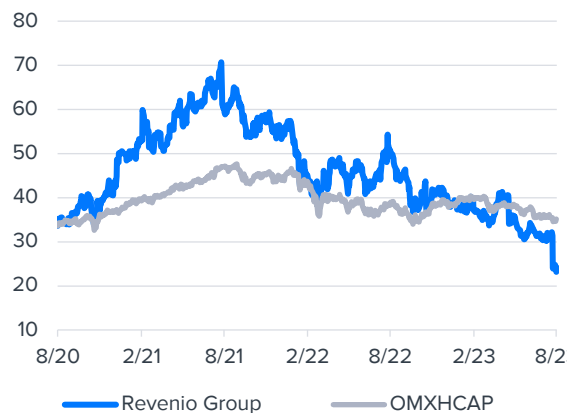
Source: Millistream Market Data AB

Revenue and EBIT-%

Source: Inderes

EPS and dividend

Source: Inderes

Value drivers

- Long-term growth outlook is strong
- Generally quite good predictability of the result and cash flow
- Strong competitive protection and growth drivers give support
- New products and software systems have attractive long-term growth potential
- Excellent track record of value creation
- Potential acquisitions (OCT)

Risk factors

- Weakening of patent protection for the Icare tonometer after 2023
- Speed and success of the HOME product's ramp-up
- Success in strong growth of imaging devices
- Success of growth investments (new products)
- High valuation level of the share poses a risk for investors

Valuation	2023e	2024e	2025e
Share price	23.2	23.2	23.2
Number of shares, millions	26.6	26.6	26.6
Market cap	617	617	617
EV	598	582	564
P/E (adj.)	31.3	24.8	20.2
P/E	34.9	26.1	21.1
P/FCF	35.9	23.5	20.8
P/B	6.2	5.5	4.7
P/S	6.4	5.7	4.9
EV/Sales	6.2	5.4	4.5
EV/EBITDA	21.3	16.7	13.4
EV/EBIT (adj.)	22.8	18.1	14.4
Payout ratio (%)	55.0 %	50.0 %	55.0 %
Dividend yield-%	1.6 %	1.9 %	2.6 %

Source: Inderes

Very weak quarter on the Revenio scale

Net sales turned into a clear decline

Revenio's net sales in Q2 amounted to EUR 22.3 million, down 8.7% from a very strong comparison period (6.0% adjusted for currency effects). Net sales landed well below our estimate as we understood with the negative profit warning that the weakness was hitting in H2. However, demand had weakened, especially in the optometry sector, which are more sensitive to changes in consumer behavior. This was more pronounced in the case of chains owned by private equity investors, who significantly reduced their investments.

The company did not report net sales development in the different product areas but said that it grew faster than the market (2-4%) during H1 in terms of shipment volumes in tonometers and fundus imaging devices. This probably means that the trend was relatively flat for tonometers and for the main imaging devices (such as DRS+). Revenio's tonometer growth was up to 15-20x market growth during certain COVID quarters, resulting in a strong increase in Revenio's market share. This growth is not "going away" because customers are not returning to inferior solutions, but going forward, growth is necessarily more dependent on the market. In

general, sales of intraocular pressure measurement devices have returned to pre-COVID levels, according to the company.

At a more detailed level, sales of Maia products in the most expensive price range for imaging devices are at zero, as this microperimeter has been discontinued as obsolete (components are no longer available). This is a significant deviation, especially compared to last year, as in H2 alone the product sold for EUR 5 million. The replacement microperimeter will be launched in 2024, which means that sales will "return" next year, although 2022 was an exceptionally good year. Sales of perimeters in general have apparently been weak.

Sales margin very good, but lower sales punch through fixed costs

In Q2, the sales margin was at a very good level of 71.1% (Q2'22: 71.3%), which means that every euro of revenue generates a significant profit. However, with fixed costs remaining unchanged, the decline in net sales is unfortunately hitting through the cost structure. As a result, EBIT was "only" 20.9% in Q2. This also included a one-off item of EUR -0.8 million and adjusted for it, the margin was 24.6% (Q2'22:

29.2%). This resulted in a Q2 EBIT of EUR 4.7 million, below our estimate of EUR 6.0 million. The disappointment was due to lower-than-expected net sales, as fixed costs were in line or even lower than expected without the exceptional one-off item. In particular, personnel costs were low as performance-based fees fell. Earnings per share decreased to only EUR 0.12 (Q2'22: EUR 0.20), and the brutal deviation from our forecast highlights in particular the company's earnings leverage from net sales.

Cash flow went to Italy's taxes and inventory

In Q2, Revenio's operational cash flow was weak at EUR -0.2 million (Q2'22 4.6 MEUR), driven by the Italian subsidiary's large income tax payments for 2022 and advances for 2023. Revenio posted a strong result in Italy in 2022, which also saw an increase in advance taxes. In addition, working capital was weakened by an increase in inventory values as sales fell short of the company's expectations. Revenio's balance sheet remains very strong, with a net gearing ratio of 1.9%.

Estimates	Q2'22	Q2'23	Q2'23e	Q2'23e	Consensus		Difference (%)	2023e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	24.4	22.3	24.0	26.1			-7%	95.9
EBIT	7.1	4.7	6.0	7.1			-22%	24.2
EPS (reported)	0.20	0.12	0.17	0.20			-29%	0.67
Revenue growth-%	29.5 %	-8.7 %	-1.8 %	6.9 %			-6.9 pp	-1.2 %
EBIT-%	29.2 %	20.9 %	25.0 %	27.2 %			-4.1 pp	25.3 %

Source: Inderes & Modular Finance (consensus, gathered 8/2/2023, some not updated)

Our estimates seem reasonable with the new data too

The guidance was naturally reiterated

Revenio naturally reiterated the guidance given in the profit warning, where the company expects currency-rate adjusted revenue growth in 2023 to be 1-5% and profitability to be at a good level excluding non-recurring items. We emphasize that Revenio's guidance is for currency-adjusted net sales growth. In Q2, the FX contribution was negative by 2.7%, and at least a similar headwind is likely for the rest of the year. Our own 2023 net sales estimate currently expects a slight decline (-1.2%) precisely due to currency headwinds, but of course the trend can change quickly.

We did not get further clarity on the profitability guidance, but we still estimate it to mean an EBIT margin of around 25-30%. Our profitability forecasts rose slightly (excluding one-offs) on the back of a slightly lower cost structure and an expected slight decline in front-loaded investments. We also interpreted Revenio as showing no reason for there being a deviation in the normal seasonal variation (H2 stronger) this year. We now expect EBIT margin for 2023 to be around 26.1% (H1'23: 25.6%), which we therefore also expect to be at a "good level".

However, we expect 2023 to be a weak year for Revenio in terms of profitability, and as a result EPS (forecast at EUR 0.74) will fall significantly from the previous year.

Our prediction of a 12-month slowdown confirmed

We made an educated guess based on the profit warning that customer caution, market weakness and a slowdown in Revenio's growth could last around 12 months. This assessment was now confirmed as the company expects the next 6-9 months to look challenging due to the macroeconomic outlook but said its long-term growth target and outlook remain unchanged. We continue to expect Revenio's growth rate to accelerate from Q2'24 onwards, supported not only by an estimated pick-up in demand but also by weaker comparison periods. Growth in 2024 will also be supported by the launch of a successor to the Maia product, the timing of which is still unclear. Certain concerns were not allayed by the Q2 report, but the fundamentals are still largely intact.

The foundations seem to be in place

Otherwise, the underlying drivers and assumptions in our estimates are unchanged, as we have found no reason to doubt the competitiveness of Revenio's core product portfolio. iCare ophthalmometer growth will recover to a reasonably good level next year, although growth will slowly shift from devices to probes. The competitiveness of imaging devices is very strong, allowing the company to capture a significant share of the market in the medium term.

These drivers can take Revenio forward an estimated 3-5 years, but at the same time the company is maturing new growth initiatives for sustainability. The most notable of these are the HOME2 tonometers, ILLUME and AI solutions in imaging devices and software, and Oculo software. In the case of the HOME2 tonometers, we received some minor news when the company announced that it is assembling an industry expert working group to support the extension of the reimbursement policy to include the replacement of the device, either in whole or in part, as part of a patient's care pathway. This would be a significant step for the growth of iCare HOME2 sales in the US but will take years.

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	97.50	95.9	-2%	110	108	-2%	129	125	-3%
EBITDA	29.0	28.1	-3%	35.4	34.9	-1%	43.5	42.2	-3%
EBIT (exc. NRIs)	26.3	26.2	0%	32.6	32.1	-1%	40.7	39.3	-3%
EBIT	25.1	24.2	-4%	31.4	30.9	-1%	39.5	38.1	-3%
PTP	24.4	23.4	-4%	31.1	30.7	-1%	39.4	38.0	-3%
EPS (excl. NRIs)	0.74	0.74	0%	0.95	0.93	-1%	1.19	1.15	-3%
DPS	0.31	0.37	16%	0.45	0.44	-1%	0.63	0.61	-3%

Source: Inderes

Valuation rises as growth picks up again

A bump in the road to an excellent investment story

It has been relatively easy to paint Revenio's earnings growth story well into the future, as the core business has maintained a strong growth trajectory while the company's profitability has scaled upwards. Simultaneously, Revenio is maturing its future growth drivers (HOME2, ILLUME and Oculo), with which the company aims to transform itself from a high-quality equipment manufacturer to a total solutions provider. New growth areas are critical for longer-term growth, as core business growth will inevitably start to slow gradually in the medium term. With the profit warning, however, we witnessed a sudden stop, which came as a surprise to us. Still, we are relatively confident that the story will get back on track relatively quickly, but it is still difficult to estimate the growth rate.

Revenio's excellent track-record took a hit from the profit warning, but overall the sector still has strong structural long-term growth drivers and deep moats (patents, brand, slow-moving industry and high barrier of entry). In addition, Revenio can expand its product portfolio through acquisitions, which we believe are very well positioned to create shareholder value. The strong share price drop also makes the company an even more interesting takeover target, and we would not be surprised if Demant (which owned more than 16% of Revenio as of July 31) had already bought more after the profit warning. This is one area of interest in the near term, but there have been larger block trades in the stock, and we see Demant as the most likely buyer. If so, this is likely to give the stock a certain level of support in the future.
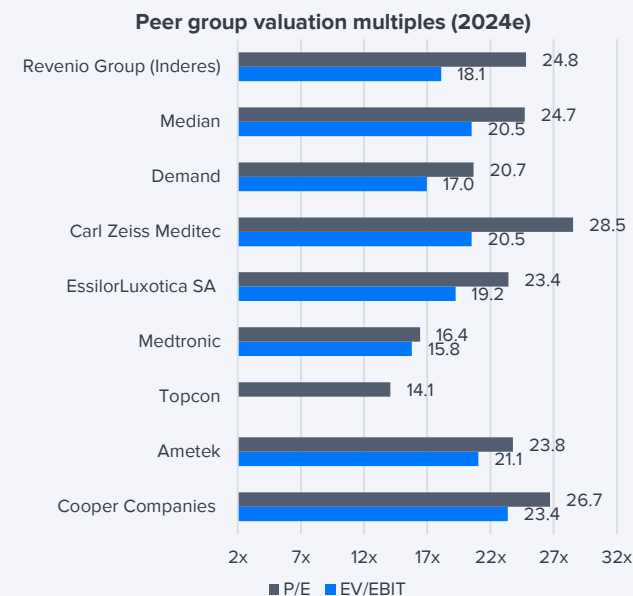
Valuation is now at the level of a mere mortal

The exceptional negative profit warning for Revenio temporarily derailed the company's earnings growth story, which has also led to a reassessment of the company's acceptable valuation. We assumed our post-profit warning view would be short-lived, but as visibility improved, we ended up reiterating our view. Positivity is still weighed down by a slight fear that growth would nevertheless remain well below historical levels.

Revenio's 2023 adjusted EV/EBIT multiples stand now at around 23x, which we generally consider reasonably attractive for the company. At present, however, the absence of an earnings growth driver makes it relatively neutral in our view. If the company's earnings growth story returns to track in 2024 as we expect, the valuation is already relatively low (2024e adj. EV/EBIT 18x) for a quality company in an industry where competitive advantages are relatively stable and valuations therefore high. If we have estimated the rate of future earnings growth multiples roughly correctly, in a year's time the stock will very likely be priced at least at EV/EBIT 20x levels. In our view, the level is justified even without the strategic benefits that a company in the sector could gain from an acquisition.

For the first time in a long while, Revenio's valuation has also fallen below the peer group median when looking at EV/EBIT and EV/EBITDA multiples for 2023-2024. After disappointments, the valuation have returned to mere mortal levels, reflecting weaker earnings growth and concerns about the sustainability of challenges. At the same time, the previously extremely high expectations of the company have been brought down to a very human level, through which we may also see positive surprises in the near future.

Valuation	2023e	2024e	2025e
Share price	23.2	23.2	23.2
Number of shares, millions	26.6	26.6	26.6
Market cap	617	617	617
EV	598	582	564
P/E (adj.)	31.3	24.8	20.2
P/E	34.9	26.1	21.1
P/FCF	35.9	23.5	20.8
P/B	6.2	5.5	4.7
P/S	6.4	5.7	4.9
EV/Sales	6.2	5.4	4.5
EV/EBITDA	21.3	16.7	13.4
EV/EBIT (adj.)	22.8	18.1	14.4
Payout ratio (%)	55.0 %	50.0 %	55.0 %
Dividend yield-%	1.6 %	1.9 %	2.6 %

Source: Inderes

Peer group valuation multiples (2024e)

Company	P/E	EV/EBIT
Revenio Group (Inderes)	24.8	18.1
Median	24.7	20.5
Demant	20.7	17.0
Carl Zeiss Meditec	28.5	20.5
EssilorLuxotica SA	23.4	19.2
Medtronic	16.4	15.8
Topcon	14.1	
Ametek	23.8	21.1
Cooper Companies	26.7	23.4

Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	12.6	26.3	50.3	55.6	38.6	23.2	23.2	23.2	23.2
Number of shares, millions	23.9	26.0	26.6	26.7	26.6	26.6	26.6	26.6	26.6
Market cap	301	697	1337	1482	1026	617	617	617	617
EV	290	700	1335	1482	1015	598	582	564	545
P/E (adj.)	36.9	55.4	86.6	75.1	44.6	31.3	24.8	20.2	17.3
P/E	36.9	73.0	>100	85.7	47.1	34.9	26.1	21.1	17.8
P/FCF	36.0	neg.	>100	>100	48.7	35.9	23.5	20.8	17.7
P/B	16.6	10.8	19.2	18.9	11.3	6.2	5.5	4.7	4.1
P/S	9.8	14.1	21.9	18.8	10.6	6.4	5.7	4.9	4.2
EV/Sales	9.5	14.1	21.9	18.8	10.5	6.2	5.4	4.5	3.7
EV/EBITDA	27.1	47.9	61.5	57.7	30.6	21.3	16.7	13.4	11.1
EV/EBIT (adj.)	28.5	44.9	69.5	60.4	32.9	22.8	18.1	14.4	11.9
Payout ratio (%)	82.3 %	85.1 %	63.7 %	52.4 %	43.9 %	55.0 %	50.0 %	55.0 %	60.0 %
Dividend yield-%	2.2 %	1.1 %	0.6 %	0.6 %	0.9 %	1.6 %	1.9 %	2.6 %	3.4 %

Source: Inderes

P/E (adj.)

2018: 36.9; 2019: 55.4; 2020: 86.6; 2021: 75.1; 2022: 44.6; 2023e: 31.3; 2024e: 24.8; 2025e: 20.2 — Median 2018 - 2022: 55.4

EV/EBIT (oik.)

2018: 28.5; 2019: 44.9; 2020: 69.5; 2021: 60.4; 2022: 32.9; 2023e: 22.8; 2024e: 18.1; 2025e: 14.4 — Median 2018 - 2022: 44.9

Dividend yield-%

2018: 2.2 %; 2019: 1.1 %; 2020: 0.6 %; 2021: 0.6 %; 2022: 0.9 %; 2023e: 1.6 %; 2024e: 1.9 %; 2025e: 2.6 % — Median 2018 - 2022: 0.9 %
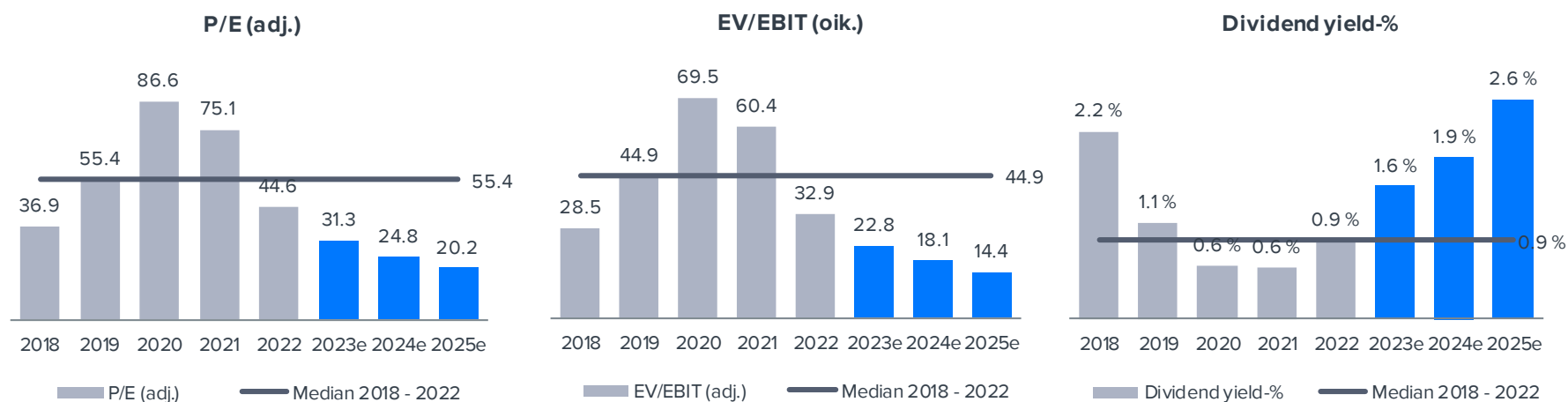
Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT 2023e	EV/EBIT 2024e	EV/EBITDA 2023e	EV/EBITDA 2024e	EV/S 2023e	EV/S 2024e	P/E 2023e	P/E 2024e	Dividend yield-% 2023e	Dividend yield-% 2024e
Revenio Group	648	638	22.4	18.5	20.0	17.3	6.3	5.7	30.3	25.6	1.5	2.0
Cooper Companies	17267	19569	26.1	23.4	21.2	19.0	6.1	5.7	29.9	26.7	0.0	0.0
Ametek	33550	34995	22.8	21.1	18.9	17.8	5.8	5.5	25.6	23.8	0.6	0.7
Topcon	1109	1428			7.4	7.5	1.1	1.1	13.4	14.1	2.6	2.7
Medtronic	100465	115567	15.5	15.8	13.6	14.0	4.1	3.9	15.7	16.4	3.3	3.4
EssilorLuxotica SA	79615	90340	20.5	19.2	13.5	12.6	3.5	3.4	26.0	23.4	2.0	2.2
Carl Zeiss Meditec	8613	8860	23.5	20.5	19.3	17.5	4.2	3.9	32.0	28.5	1.1	1.2
Demand	7988	9846	18.5	17.0	14.2	13.1	3.4	3.2	26.0	20.7		
Optomed (Inderes)	50	52				833.9	3.3	2.6				
Revenio Group (Inderes)	**617**	**598**	**22.8**	**18.1**	**21.3**	**16.7**	**6.2**	**5.4**	**31.3**	**24.8**	**1.6**	**1.9**
Average			**30.2**	**23.5**	**19.3**	**91.1**	**4.4**	**4.0**	**38.7**	**28.0**	**1.4**	**1.5**
Median			**22.8**	**20.5**	**19.1**	**17.5**	**4.2**	**3.9**	**27.4**	**24.7**	**1.1**	**1.2**
Diff-% to median			*0%*	*-12%*	*12%*	*-5%*	*48%*	*37%*	*14%*	*0%*	*43%*	*57%*

Source: Refinitiv / Inderes

Income statement

Income statement	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	**61.1**	**78.8**	**20.2**	**24.4**	**24.1**	**28.3**	**97.0**	**23.2**	**22.3**	**23.4**	**27.0**	**95.9**	**108**	**125**	**146**
Tonometers (estimate)	41.8	49.2	13.2	16.9	13.0	15.5	58.6	14.7	15.3	13.1	14.7	57.8	63.1	70.7	81.3
Imaging devices (estimate)	19.1	28.3	6.6	6.9	10.7	12.1	36.2	7.8	6.4	9.6	11.5	35.3	40.6	47.9	56.5
Oculo / Software (estimate)	0.0	0.9	0.4	0.6	0.5	0.7	2.2	0.6	0.7	0.7	0.8	2.8	3.9	6.0	8.0
Other products (estimate)	0.2	0.4	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
EBITDA	**21.7**	**25.7**	**6.4**	**8.0**	**8.5**	**10.2**	**33.1**	**7.1**	**5.6**	**6.6**	**8.8**	**28.1**	**34.9**	**42.2**	**49.1**
Depreciation	-4.6	-3.6	-0.8	-0.9	-0.9	-0.9	-3.4	-0.9	-1.0	-1.0	-1.0	-3.9	-4.0	-4.1	-4.3
EBIT (excl. NRI)	**19.2**	**24.5**	**5.9**	**7.4**	**8.0**	**9.6**	**30.9**	**6.5**	**5.8**	**5.9**	**8.1**	**26.2**	**32.1**	**39.3**	**45.9**
EBIT	**17.1**	**22.1**	**5.6**	**7.1**	**7.7**	**9.3**	**29.7**	**6.2**	**4.7**	**5.6**	**7.8**	**24.2**	**30.9**	**38.1**	**44.8**
Net financial items	-0.4	0.0	0.3	-0.1	-0.1	-0.7	-0.6	-0.4	-0.2	-0.1	-0.1	-0.8	-0.3	-0.1	0.1
PTP	**16.7**	**22.1**	**5.8**	**7.1**	**7.6**	**8.6**	**29.1**	**5.8**	**4.5**	**5.5**	**7.7**	**23.4**	**30.7**	**38.0**	**44.9**
Taxes	-3.4	-4.8	-1.2	-1.7	-1.5	-2.9	-7.3	-1.5	-1.2	-1.3	-1.8	-5.7	-7.0	-8.7	-10.3
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
Net earnings	**13.3**	**17.3**	**4.6**	**5.4**	**6.1**	**5.7**	**21.8**	**4.2**	**3.3**	**4.2**	**5.9**	**17.7**	**23.6**	**29.3**	**34.6**
EPS (adj.)	**0.58**	**0.74**	**0.18**	**0.22**	**0.24**	**0.23**	**0.86**	**0.17**	**0.17**	**0.17**	**0.23**	**0.74**	**0.93**	**1.15**	**1.34**
EPS (rep.)	**0.50**	**0.65**	**0.17**	**0.20**	**0.23**	**0.22**	**0.82**	**0.16**	**0.12**	**0.16**	**0.22**	**0.67**	**0.89**	**1.10**	**1.30**

Key figures	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	23.4 %	29.1 %	20.6 %	29.5 %	24.1 %	18.9 %	23.1 %	14.9 %	-8.7 %	-3.1 %	-4.5 %	-1.2 %	12.3 %	15.8 %	17.0 %
Adjusted EBIT growth-%		27.8 %	6.6 %	57.6 %	27.5 %	19.3 %	25.9 %	10.6 %	-22.1 %	-25.9 %	-16.2 %	-15.0 %	22.5 %	22.3 %	16.9 %
EBITDA-%	35.5 %	32.6 %	31.7 %	32.7 %	35.4 %	36.1 %	34.1 %	30.5 %	25.3 %	28.2 %	32.5 %	29.3 %	32.5 %	33.8 %	33.7 %
Adjusted EBIT-%	31.4 %	31.1 %	29.0 %	30.4 %	33.0 %	34.1 %	31.8 %	27.9 %	26.0 %	25.2 %	29.9 %	27.4 %	29.9 %	31.6 %	31.5 %
Net earnings-%	21.9 %	22.0 %	22.6 %	22.2 %	25.2 %	20.2 %	22.5 %	18.3 %	14.8 %	18.1 %	21.9 %	18.4 %	22.0 %	23.5 %	23.7 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	**69.8**	**70.8**	**71.4**	**72.2**	**73.1**
Goodwill	59.8	59.8	59.8	59.8	59.8
Intangible assets	4.2	4.3	4.8	5.2	5.7
Tangible assets	2.6	2.8	2.9	3.2	3.7
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.4	0.4	0.4	0.4
Other non-current assets	1.9	1.9	1.9	1.9	1.9
Deferred tax assets	1.3	1.6	1.6	1.6	1.6
Current assets	**40.8**	**52.5**	**57.4**	**74.1**	**95.2**
Inventories	6.4	6.7	7.7	7.5	8.7
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	9.2	13.7	13.4	14.0	16.2
Cash and equivalents	25.2	32.1	36.3	52.6	70.3
Balance sheet total	**125**	**136**	**140**	**157**	**178**

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	**78.4**	**90.9**	**99.0**	**113**	**130**
Share capital	5.3	5.3	5.3	5.3	5.3
Retained earnings	22.1	34.3	42.4	56.3	73.8
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	51.0	51.3	51.3	51.3	51.3
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**5.8**	**20.1**	**19.3**	**19.3**	**19.3**
Deferred tax liabilities	3.6	3.7	3.7	3.7	3.7
Provisions	0.5	0.5	0.5	0.5	0.5
Long term debt	1.7	15.8	15.0	15.0	15.0
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
Current liabilities	**40.4**	**25.2**	**22.2**	**24.5**	**27.9**
Short term debt	23.5	5.0	3.0	3.0	3.0
Payables	16.9	20.2	19.2	21.5	24.9
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**125**	**136**	**140**	**157**	**178**

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	23.1 %	-1.2 %	12.3 %	15.8 %	17.0 %	15.0 %	12.0 %	9.0 %	8.0 %	5.0 %	3.0 %	3.0 %
EBIT-%	30.6 %	25.3 %	28.7 %	30.6 %	30.7 %	30.5 %	30.0 %	29.0 %	29.0 %	28.0 %	28.0 %	28.0 %
EBIT (operating profit)	**29.7**	**24.2**	**30.9**	**38.1**	**44.8**	**51.1**	**56.3**	**59.4**	**64.1**	**65.0**	**66.9**	
+ Depreciation	3.4	3.9	4.0	4.1	4.3	4.5	4.9	5.3	5.6	5.9	6.1	
- Paid taxes	-7.5	-5.7	-7.0	-8.7	-10.3	-11.8	-13.1	-13.8	-14.9	-15.1	-15.6	
- Tax, financial expenses	-0.2	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	
+ Tax, financial income	0.0	0.1	0.1	0.1	0.2	0.2	0.3	0.3	0.3	0.3	0.3	
- Change in working capital	-1.5	-1.7	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	**24.0**	**20.4**	**29.8**	**33.4**	**38.8**	**43.9**	**48.3**	**51.0**	**55.0**	**56.0**	**57.6**	
+ 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	-2.9	-3.3	-3.6	-3.8	-4.0	-5.0	-5.4	-5.7	-6.1	-6.1	-6.1	
Free operating cash flow	**21.1**	**17.2**	**26.2**	**29.6**	**34.8**	**38.9**	**42.9**	**45.3**	**48.9**	**49.9**	**51.6**	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	21.1	17.2	26.2	29.6	34.8	38.9	42.9	45.3	48.9	49.9	51.6	1022
Discounted FCFF		**16.6**	**23.5**	**24.5**	**26.7**	**27.5**	**28.0**	**27.4**	**27.3**	**25.7**	**24.6**	**487**
Sum of FCFF present value		739	723	699	675	648	621	592	565	538	512	487
Enterprise value DCF		**739**										
- Interest bearing debt		-20.8										
+ Cash and cash equivalents		32.1										
-Minorities		0.0										
-Dividend/capital return		-9.6										
Equity value DCF		**741**										
Equity value DCF per share		**27.9**										

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	0.0 %
Cost of debt	4.0 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	**8.2 %**
Weighted average cost of capital (WACC)	**8.2 %**

Source: Inderes

Cash flow distribution

Period	Share
2023e-2027e	16%
2028e-2032e	18%
TERM	66%

Legend: ■ 2023e-2027e ■ 2028e-2032e ■ TERM
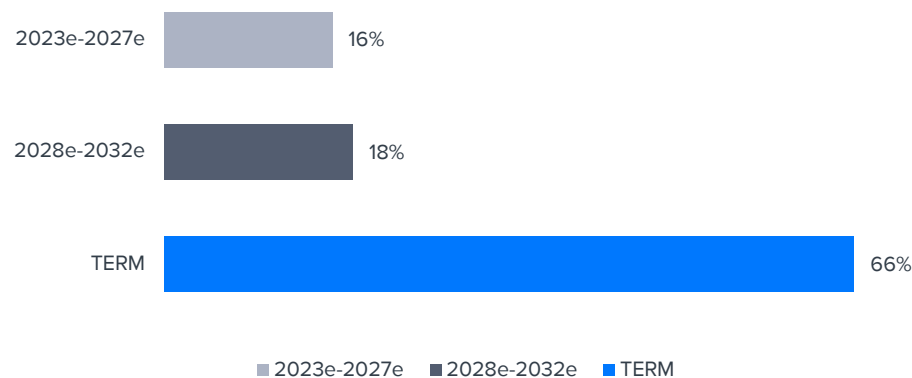
Summary

Income statement	2020	2021	2022	2023e	2024e
Revenue	61.1	78.8	97.0	**95.9**	**107.6**
EBITDA	21.7	25.7	33.1	**28.1**	**34.9**
EBIT	17.1	22.1	29.7	**24.2**	**30.9**
PTP	16.7	22.1	29.1	**23.4**	**30.7**
Net Income	13.3	17.3	21.8	**17.7**	**23.6**
Extraordinary items	-2.1	-2.4	-1.2	**-2.0**	**-1.2**

Per share data	2020	2021	2022	2023e	2024e
EPS (reported)	0.50	0.65	0.82	**0.67**	**0.89**
EPS (adj.)	0.58	0.74	0.86	**0.74**	**0.93**
OCF / share	0.59	0.85	0.90	**0.77**	**1.12**
FCF / share	0.50	0.25	0.79	**0.65**	**0.99**
Book value / share	2.62	2.94	3.42	**3.73**	**4.25**
Dividend / share	0.32	0.34	0.36	**0.37**	**0.44**

Balance sheet	2020	2021	2022	2023e	2024e
Balance sheet total	114.4	124.6	136.1	**140.4**	**156.7**
Equity capital	69.7	78.4	90.9	**99.0**	**112.9**
Goodwill	50.4	59.8	59.8	**59.8**	**59.8**
Net debt	-1.9	0.0	-11.3	**-18.3**	**-34.6**

Growth and profitability	2020	2021	2022	2023e	2024e
Revenue growth-%	23%	29%	23%	**-1%**	**12%**
EBITDA growth-%	49%	18%	29%	**-15%**	**24%**
EBIT (adj.) growth-%	23%	28%	26%	**-15%**	**22%**
EPS (adj.) growth-%	23%	27%	17%	**-14%**	**26%**
EBITDA-%	35.5 %	32.6 %	34.1 %	**29.3 %**	**32.5 %**
EBIT (adj.)-%	31.4 %	31.1 %	31.8 %	**27.4 %**	**29.9 %**
EBIT-%	28.0 %	28.0 %	30.6 %	**25.3 %**	**28.7 %**
ROE-%	19.9 %	23.4 %	25.7 %	**18.6 %**	**22.3 %**
ROI-%	17.9 %	22.1 %	27.6 %	**21.5 %**	**25.3 %**
Equity ratio	60.9 %	63.0 %	66.8 %	**70.5 %**	**72.1 %**
Gearing	-2.7 %	0.0 %	-12.5 %	**-18.5 %**	**-30.7 %**

Cash flow	2020	2021	2022	2023e	2024e
EBITDA	21.7	25.7	33.1	**28.1**	**34.9**
Change in working capital	-2.1	2.4	-1.5	**-1.7**	**1.9**
Operating cash flow	15.8	22.7	24.0	**20.4**	**29.8**
CAPEX	-2.5	-15.8	-2.9	**-3.3**	**-3.6**
Free cash flow	13.2	6.7	21.1	**17.2**	**26.2**

Valuation multiples	2020	2021	2022	2023e	2024e
EV/S	21.9	18.8	10.5	**6.2**	**5.4**
EV/EBITDA (adj.)	61.5	57.7	30.6	**21.3**	**16.7**
EV/EBIT (adj.)	69.5	60.4	32.9	**22.8**	**18.1**
P/E (adj.)	86.6	75.1	44.6	**31.3**	**24.8**
P/B	19.2	18.9	11.3	**6.2**	**5.5**
Dividend-%	0.6 %	0.6 %	0.9 %	**1.6 %**	**1.9 %**

Source: 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	Share price
2/21/2020	Accumulate	31.00 €	28.85 €
3/19/2020	Buy	24.00 €	18.48 €
4/23/2020	Accumulate	25.00 €	22.75 €
8/7/2020	Reduce	34.00 €	33.50 €
10/23/2020	Reduce	36.00 €	38.05 €
12/21/2020	Reduce	44.00 €	48.65 €
2/12/2021	Accumulate	60.00 €	53.00 €
4/26/2021	Accumulate	65.00 €	59.20 €
Analyst changed			
6/9/2021	Accumulate	65.00 €	59.50 €
8/6/2021	Reduce	65.00 €	64.80 €
10/22/2021	Accumulate	58.00 €	55.40 €
2/11/2022	Accumulate	48.00 €	44.30 €
4/7/2022	Reduce	48.00 €	47.96 €
4/29/2022	Reduce	48.00 €	47.58 €
8/5/2022	Reduce	52.00 €	54.30 €
10/28/2022	Reduce	40.00 €	39.48 €
1/27/2023	Reduce	40.00 €	37.62 €
2/10/2023	Reduce	38.00 €	37.26 €
1/27/2023	Reduce	40.00 €	37.62 €
2/10/2023	Reduce	38.00 €	37.26 €
3/20/2023	Accumulate	38.00 €	34.66 €
4/28/2023	Reduce	38.00 €	39.24 €
8/3/2023	Accumulate	26.00 €	24.08 €
8/11/2023	Accumulate	26.00 €	23.20 €

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