

# Aspo

## Company report

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This report is a summary translation of the report "Itämarkkinan tilanne heikentynyt merkittävästi" published on 02/27/2022 at 07:11 pm

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res.**

# Situation in the Eastern market significantly deteriorated

We lower our target price to EUR 9.0 (previously EUR 13.0) and recommendation to Reduce (previously Buy). The Russian attack on Ukraine significantly weakens the company's operating conditions in the Eastern market and we have lowered our forecasts. Currently, making forecasts is exceptionally difficult when visibility is very low. Although Asco has excellent evidence of navigating past crises, the current crisis is quite different in scale. Even with forecast decreases, the share price remains favorable, but in the light of the required return that has clearly increased due to the crisis, it's difficult for us to see any upside in the share, especially as earnings growth turns negative. Therefore, the return/risk ratio has turned neutral as a result of significantly increased risks.

## The Eastern market is important for Aspo

About 27% of Aspo's net sales come from the Eastern market, that consists of Russia, Ukraine and other CIS countries. In 2021, 44% of Telko's, 31% of Leipurin's and 1% of ESL's net sales came from these markets. According to our calculations, about 20% of Aspo's operating profit is generated on the Eastern market. A limited amount of capital has been committed to the Eastern market. According to our assessment, the crisis affects Aspo in three areas: 1) Western sanctions, 2) Russia's possible counter-sanctions, and 3) Russia and Ukraine's significantly deteriorating economies and currencies. Regarding ESL, we don't see significant Russia risks and the main risks are related to Telko. We note that Aspo has done very well in previous Russia crises, and we are quite confident about the company's own ability to operate in a difficult market. However, much of what is happening now is independent of Aspo (e.g. sanctions and difficulties in payment transactions).

## Forecast revised downward

At the moment, it's very difficult to assess the precise impact of the crisis on Aspo. However, we think it's clear that the business environment in the Eastern market will be significantly weaker for a longer period. Under the prudence principle, we have revised the operating profit forecasts of Telko and Leipurin for the Eastern market down by about EUR 5 million in total. At group level, our forecasts have decreased by 11-12% for 2022-2024. We are now expecting EUR 38.1 million in operating profit for 2022, and our forecast is below the company's guidance (42.4 MEUR). For 2023, we expect EUR 40.5 million in operating profit. We want to point out that there is now an exceptionally high degree of uncertainty in our forecasts. It's also possible that, like in previous crises, Aspo navigates out of this one with practically no harm. Our dividend forecasts have remained unchanged and even with the declined forecasts, Aspo can maintain the dividend growth that we forecast.

## Valuation is not high, but share price drivers are scarce

Despite the lowered forecasts, Aspo's valuation remains favorable in absolute terms, with a P/E factor of 10x for 2022 (EV/EBIT 12x). If the company succeeded to maintain the 2021 earnings level specified in its guidance, the P/E factor would fall to ca. 9x (EV/EBIT 10x). Similar to other companies operating in Russia, Aspo's acceptable valuation level has fallen significantly due to the escalation of the crisis. Given the very uncertain environment, we find it difficult to see upside in the multiples. As the earnings growth turns negative in our forecasts, it's difficult for us to see drivers that bring the share price higher. If, contrary to our expectations, Aspo can continue its strong performance in the Eastern market despite the crisis, the current situation will appear to be an excellent buying opportunity in hindsight. However, in our view, the dramatically changed market situation in the East and the considerable uncertainty that it creates tip the scales more.

## Recommendation

**Reduce**

(previous Buy)

**EUR 9.00**

(previous EUR 13.00)

**Share price:**

8.99



## Key figures

	2021	2022e	2023e	2024e
<b>Net sales</b>	586	569	580	636
<b>growth-%</b>	17%	-3%	2%	10%
<b>EBIT adj.</b>	42.4	38.1	40.5	45.1
<b>EBIT-% adj.</b>	7.2 %	6.7 %	7.0 %	7.1 %
<b>Net income</b>	25.3	32.3	33.4	37.3
<b>EPS (adj.)</b>	1.02	0.93	1.02	1.14

<b>P/E (adj.)</b>	11.1	9.7	8.8	7.9
<b>P/B</b>	2.8	2.0	1.8	1.6
<b>Dividend yield-%</b>	4.0 %	5.1 %	5.2 %	5.3 %
<b>EV/EBIT (adj.)</b>	12.8	11.7	11.1	10.3
<b>EV/EBITDA</b>	8.6	6.5	6.5	6.0
<b>EV/S</b>	0.9	0.8	0.8	0.7

Source: Inderes

## Guidance

(Unchanged)

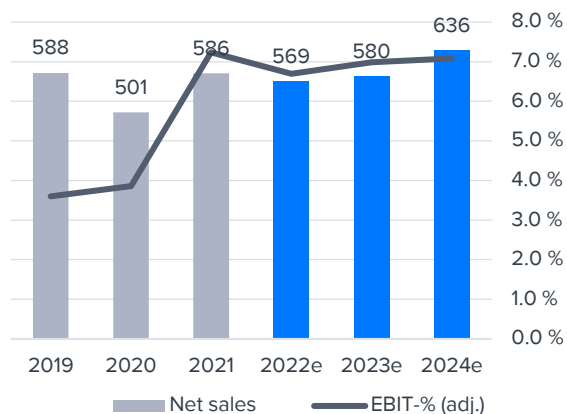
Aspo Group's comparable operating profit remains at the same level as in 2021 (EUR 42.4 million).

## Share price



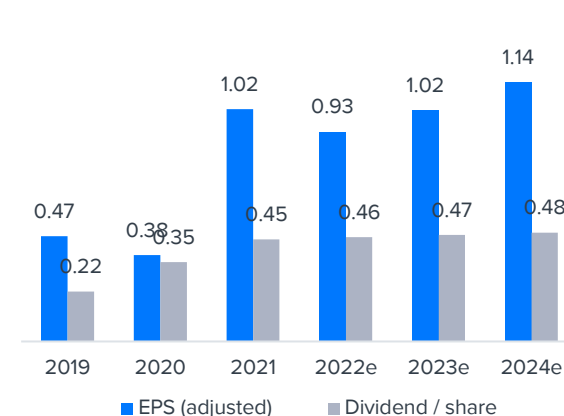
Source: Thomson Reuters

## Net sales and EBIT %



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- ESL growing and earnings improvement through new ships
- Continuation of Telko's profitable growth
- Progress of Leipurin's turnaround
- M&A transactions



## Risk factors

- Russia's attack on Ukraine
- Cyclicity of the freight market
- Indebtedness close to the maximum target level
- In recent years, earnings development has fallen short of expectations

Valuation	2022e	2023e	2024e
Share price	8.99	8.99	8.99
Number of shares, millions	31.4	31.4	31.4
Market cap	282	282	282
EV	445	448	464
P/E (adj.)	9.7	8.8	7.9
P/E	9.2	8.8	7.9
P/FCF	6.0	18.6	>100
P/B	2.0	1.8	1.6
P/S	0.5	0.5	0.4
EV/Sales	0.8	0.8	0.7
EV/EBITDA	6.5	6.5	6.0
EV/EBIT (adj.)	11.7	11.1	10.3
Payout ratio (%)	47.2 %	46.1 %	42.0 %
Dividend yield-%	5.1 %	5.2 %	5.3 %

Lähde: Inderes, EV adjusted with a hybrid loan

# Impact of the crisis on Aspo

## The Eastern market is important for Aspo

About 27% of Aspo's net sales come from the Eastern market (Russia, Ukraine, CIS countries). Last year, 44% of Telko's, 31% of Leipurin's and 1% of ESL's net sales came from these markets. According to our calculations, about 20% of Aspo's operating profit is generated in the Eastern market. We estimate that most of this comes from Russia. A limited amount of capital has been committed to Russia and Ukraine, mainly in the form of Telko and Leipurin's working capital. According to the company's annual report (2020), equity investments in Russia amounted to EUR 13 million and in Ukraine to EUR 1.7 million. These amounts are a relatively small part of the balance sheet (p.10) and don't cause significant balance sheet risks.

## The crisis hits three areas

According to our assessment, the crisis affects Aspo in three areas. 1) Western sanctions, 2) Russia's

possible counter-sanctions, and 3) Russia and Ukraine's significantly deteriorating economies and currencies. Western countries have imposed unprecedented sanctions on Russia. We believe that the most relevant sanctions for Aspo are related to possible export restrictions, especially for Telko's products, and significant difficulties in financial transactions, as the Russian banking sector is being removed from the global banking system.

Russia has yet to impose counter-sanctions, and we believe that the greatest risk here is related to Aspo's ability to transfer money from Russia to Finland.

The economies of Russia and Ukraine will be significantly weakened due to the war and severe sanctions. We estimate that this will inevitably have a significant impact on demand, especially for Telko. Moreover, the ruble will probably continue to deteriorate significantly, which will naturally have an impact on the revenue in euros.

Overall, the assessment of the precise impact of the crisis on the results is currently very difficult. However, we think it's clear that the impact on Aspo is inevitably negative and the question is largely of scale.

## The impact of the crisis on segments

At segment level, we don't see a significant Russian risk for ESL, as the disruption in raw material flows can be addressed elsewhere if necessary. According to our assessment, the main risk is related to Telko, which makes the majority of Aspo's Eastern market result.

We note that Aspo has done very well in previous Russia crises, and we are quite confident about the company's own ability to operate in a difficult market. However, much of what is happening now is independent of Aspo (e.g. sanctions and difficulties in payment transactions), and the company can hardly affect these.

Estimate revisions	2022e		Change	2023e		Change	2024e		Change
	Old	New		Old	New		Old	New	
MEUR / EUR			%			%			%
Revenue	642	569	-11%	655	580	-11%	718	636	-11%
EBITDA	73.7	68.8	-7%	74.3	69.1	-7%	82.4	77.3	-6%
EBIT (exc. NRIs)	43.0	38.1	-11%	45.7	40.5	-11%	50.2	45.1	-10%
EBIT	44.5	39.6	-11%	45.7	40.5	-11%	50.2	45.1	-10%
PTP	40.1	35.2	-12%	41.7	36.6	-12%	46.0	40.9	-11%
EPS (excl. NRIs)	1.06	0.93	-12%	1.16	1.02	-12%	1.28	1.14	-11%
DPS	0.46	0.46	0%	0.47	0.47	0%	0.48	0.48	0%

Source: Inderes

# Estimate changes

## Estimate changes 2022e-2024e

- At the moment, it's very difficult to assess the precise impact of the crisis on Aspo. However, we think it's clear that the business environment in the Eastern market will be significantly weaker for a longer period.
- Under the prudence principle, we have revised the forecasts of Telko and Leipurin for the Eastern market down by about EUR 5 million in total. At group level, our forecasts have decreased by 11-12% for 2022-2024l.
- We are now expecting EUR 38.1 million in operating profit for 2022, and our forecast is below the company's guidance (42.4 MEUR).
- We want to point out that there is now an exceptionally high degree of uncertainty in our forecasts. It's also possible that, like in previous crises, Aspo navigates out of this one with practically no harm.

## Operational result drivers 2022-2024e:

- The forecasts remain unchanged for ESL and its role as Aspo's performance engine is further emphasized.
- As regards Telko, earnings growth will inevitably take a step back in the next few years due to the earnings dip in the Eastern market
- In the big picture, Aspo's earnings growth will be much more difficult than before, and we think that maintaining the 2021 results would already be a huge achievement for the company.
- Our dividend forecasts have remained unchanged and even with the declined forecasts, Aspo can maintain the dividend growth that we forecast.

Estimate revisions	2022e	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
<b>Revenue</b>	<b>642</b>	<b>569</b>	<b>-11%</b>	<b>655</b>	<b>580</b>	<b>-11%</b>	<b>718</b>	<b>636</b>	<b>-11%</b>
ESL	184	206	12%	195	210	8%	203	250	23%
Leipurin	109	104	-5%	122	111	-9%	126	111	-12%
Telko	278	245	-12%	295	260	-12%	312	275	-12%
<b>EBITDA</b>	<b>73.7</b>	<b>68.8</b>	<b>-7%</b>	<b>74.3</b>	<b>69.1</b>	<b>-7%</b>	<b>82.4</b>	<b>77.3</b>	<b>-6%</b>
<b>EBIT (exc. NRIs)</b>	<b>43.0</b>	<b>38.1</b>	<b>-11%</b>	<b>45.7</b>	<b>40.5</b>	<b>-11%</b>	<b>50.2</b>	<b>45.1</b>	<b>-10%</b>
<b>EBIT</b>	<b>44.5</b>	<b>39.6</b>	<b>-11%</b>	<b>45.7</b>	<b>40.5</b>	<b>-11%</b>	<b>50.2</b>	<b>45.1</b>	<b>-10%</b>
ESL	23.6	28.6	21%	24.5	27.3	11%	25.4	30.0	18%
Leipurin	1.9	1.6	-18%	3.3	2.3	-30%	3.5	2.3	-35%
Telko	17.2	14.9	-13%	18.6	15.9	-14%	20.0	17.8	-11%
Group expenses	-6.7	-5.0	-25%	-4.5	-5.0	11%	-4.7	-5.0	6%
<b>PTP</b>	<b>40.1</b>	<b>35.2</b>	<b>-12%</b>	<b>41.7</b>	<b>36.6</b>	<b>-12%</b>	<b>46.0</b>	<b>40.9</b>	<b>-11%</b>
<b>EPS (adjusted)</b>	<b>1.06</b>	<b>0.93</b>	<b>-12%</b>	<b>1.16</b>	<b>1.02</b>	<b>-12%</b>	<b>1.28</b>	<b>1.14</b>	<b>-11%</b>
Dividend / share	0.46	0.46	0%	0.47	0.47	0%	0.48	0.48	0%

Source: Inderes

# Valuation is favorable, but share price drivers are scarce

## Required return has risen clearly

When outlining the valuation of Aspo, it's important to note that the required return of Aspo and other companies operating in Russia alike have significantly increased. Of course, this clearly weighs on the acceptable valuation level of the company.

Despite the lowered forecasts, Aspo's valuation remains favorable in absolute terms, with a P/E factor of 10x for 2022 (EV/EBIT 12x). If the company succeeded to maintain the 2021 earnings level specified in its guidance, the P/E factor would fall to ca. 9x (EV/EBIT 10x).

Historically, Aspo has been priced at P/E 16x, but it's difficult for us to see a return to these levels, with the increased required return and the weakened growth outlook. Given the very uncertain environment, it's difficult for us to see upside for the multiples from the present situation, without the crisis being solved and without seeing the final effects of the sanctions on the Russian economy and on Aspo's business.

The progress of the Compounder strategy could support the valuation, but this would require successful acquisitions in the West. The current escalation of the crisis is likely to slow down the implementation of the company's strategy, as the short-term focus is understandably on the management of the crisis in the Eastern market. In addition, the company likely wants to see the effects of the crisis on its balance sheet, before tying capital to new assets.

## Share price drivers are scarce

As the earnings growth turns negative in our forecasts, it's difficult for us to see drivers that bring

the share price higher in the short term. Therefore, the short-term return will rely on the dividend, which we don't consider a sufficient compensation for the significantly increased risk level. If, contrary to our expectations, Aspo can continue its strong performance in the Eastern market despite the crisis, the current situation will appear to be an excellent buying opportunity in hindsight. In our view, the dramatically changed market situation in the East and the considerable uncertainty that it creates tip the scales more and we move to the sidelines to watch the situation unravel.

## DCF decreased significantly

The value indicated by our DCF model for Aspo has dropped clearly to about EUR 10 per share (prev. EUR 14.0). Behind this decrease are the increased required return (WACC increased to 8.5% vs. prev. 7.4%) and decreased earnings forecasts. We note that even relatively small changes in the DCF model cause significant shifts in the value of Aspo due to the company's large debt leverage. The value indicated by the DCF model still exceeds the current share price, and we believe it reflects the share's favorable valuation level. However, we don't see upside created by the DCF sufficient in relation to the increased risks.

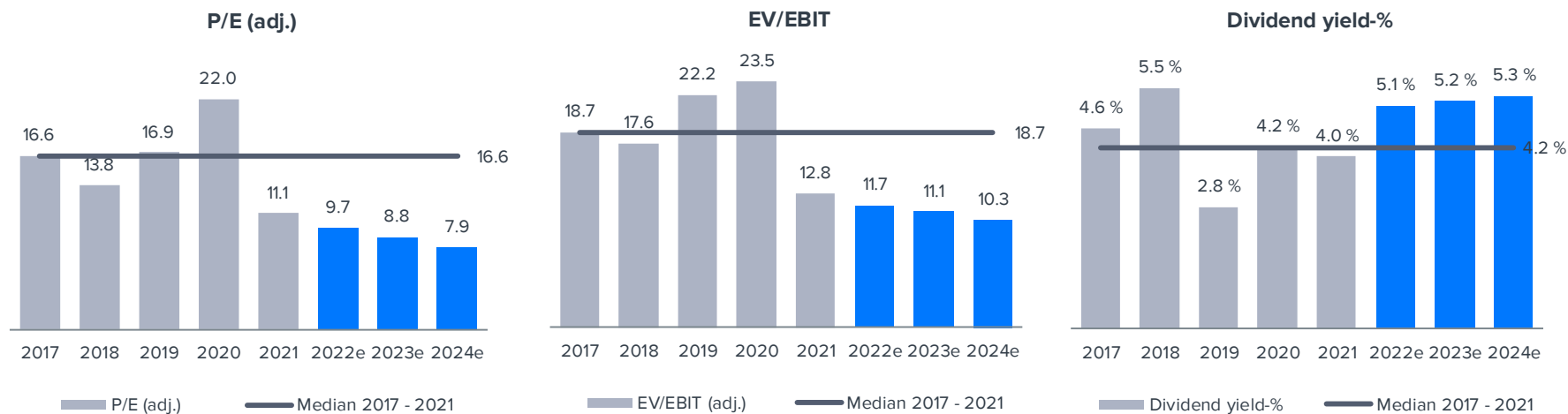
Valuation	2022e	2023e	2024e
Share price	8.99	8.99	8.99
Number of shares, millions	31.4	31.4	31.4
Market cap	282	282	282
EV	445	448	464
P/E (adj.)	9.7	8.8	7.9
P/E	9.2	8.8	7.9
P/FCF	6.0	18.6	>100
P/B	2.0	1.8	1.6
P/S	0.5	0.5	0.4
EV/Sales	0.8	0.8	0.7
EV/EBITDA	6.5	6.5	6.0
EV/EBIT (adj.)	11.7	11.1	10.3
Payout ratio (%)	47.2 %	46.1 %	42.0 %
Dividend yield-%	5.1 %	5.2 %	5.3 %

Source: Inderes, EV adjusted with a hybrid loan

# Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	9.36	7.96	7.86	8.40	11.4	<b>8.99</b>	<b>8.99</b>	<b>8.99</b>	<b>8.99</b>
Number of shares, millions	31.0	31.4	31.4	31.4	31.4	<b>31.4</b>	<b>31.4</b>	<b>31.4</b>	<b>31.4</b>
Market cap	290	250	247	264	357	<b>282</b>	<b>282</b>	<b>282</b>	<b>282</b>
EV	432	463	470	454	544	<b>445</b>	<b>448</b>	<b>464</b>	<b>443</b>
P/E (adj.)	16.6	13.8	16.9	22.0	11.1	<b>9.7</b>	<b>8.8</b>	<b>7.9</b>	<b>7.5</b>
P/E	16.6	20.1	16.9	22.0	15.1	<b>9.2</b>	<b>8.8</b>	<b>7.9</b>	<b>7.5</b>
P/FCF	30.4	neg.	6.2	5.0	25.8	<b>6.0</b>	<b>18.6</b>	<b>&gt;100</b>	<b>7.1</b>
P/B	2.6	2.1	2.0	2.3	2.8	<b>2.0</b>	<b>1.8</b>	<b>1.6</b>	<b>1.4</b>
P/S	0.6	0.5	0.4	0.5	0.6	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>
EV/Sales	0.9	0.9	0.8	0.9	0.9	<b>0.8</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>
EV/EBITDA	11.8	12.0	9.4	9.2	8.6	<b>6.5</b>	<b>6.5</b>	<b>6.0</b>	<b>5.3</b>
EV/EBIT (adj.)	18.7	17.6	22.2	23.5	12.8	<b>11.7</b>	<b>11.1</b>	<b>10.3</b>	<b>9.4</b>
Payout ratio (%)	76.1%	110.9%	47.3%	91.7%	59.7%	<b>47.2%</b>	<b>46.1%</b>	<b>42.0%</b>	<b>50.0%</b>
Dividend yield-%	4.6%	5.5%	2.8%	4.2%	4.0%	<b>5.1%</b>	<b>5.2%</b>	<b>5.3%</b>	<b>6.7%</b>

Lähde: Inderes, EV oikaistu hybridilainalla



# Peer group valuation

Peer group valuation Company	Share price	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2022e
				2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	
Indutrade AB	203.60	7038	7483	27.4	25.5	20.9	19.6	3.6	3.4	30.6	27.7	1.3	1.4	6.3
Bunzl plc	2737.00	11085	12951	15.3	14.7	11.7	11.3	1.0	1.0	17.2	16.9	2.2	2.3	3.9
Itochu Corp	3756.00	46047	75614			8.0	8.0	0.7	0.7	7.1	8.9	2.9	3.2	1.4
Johnson Controls International PLC	63.81	40063	47286	17.7	15.4	13.7	12.2	2.2	2.0	19.4	16.3	2.0	2.4	2.4
Koninklijke DSM NV	159.90	28075	28904	24.0	21.4	15.3	14.1	3.0	2.8	29.1	25.9	1.7	1.8	2.8
Orkla ASA	81.92	8282	9628	14.1	13.2	10.5	10.2	1.7	1.6	15.8	15.0	3.8	4.0	2.0
Lifco AB (publ)	209.00	8336	8773	30.6	28.4	24.4	22.8	5.5	5.1	34.7	32.6	0.8	0.9	7.4
Trelleborg AB	193.90	4544	5245	11.0	10.0	8.7	7.9	1.8	1.6	12.3	11.3	3.0	3.2	1.5
Golden Ocean Group Ltd	12.11	2169	3235	6.8	5.8	5.3	5.9	3.7	3.8	5.6	6.8	15.6	11.5	1.3
Brenntag AG	72.70	11056	13164	12.7	11.3	9.3	8.6	0.9	0.8	15.7	14.5	2.4	2.7	2.6
Exmar NV	4.71	275	545			30.5		4.0	5.7				8.0	0.6
DKSH Holding AG	76.60	4727	4718	15.5	13.9	10.8	10.0	0.4	0.4	23.1	21.1	2.8	3.1	2.6
Marr SpA	16.29	1095	1224	16.5	15.0	12.0	11.2	0.9	0.8	18.8	16.7	5.0	4.9	3.2
Aryzta AG	1.01	988	1180	21.8	16.3	10.3	8.9	1.3	1.2	37.6	15.5			1.1
Safe Bulkers Inc	4.22	459	734	5.3		4.0		2.7		3.8	3.9	7.6		
Panostaja Oyj	0.66	36	125	43.0	21.0	5.4	4.7	0.6	0.6	8.3	66.2	4.5	4.5	0.8
Boreo Oyj	54.00	138	173	15.8	12.9	11.9	10.0	1.2	1.1	16.3	13.6	1.0	1.1	5.1
<b>Aspo (Inderes)</b>	<b>8.99</b>	<b>282</b>	<b>445</b>	<b>11.7</b>	<b>11.1</b>	<b>6.5</b>	<b>6.5</b>	<b>0.8</b>	<b>0.8</b>	<b>9.7</b>	<b>8.8</b>	<b>5.1</b>	<b>5.2</b>	<b>2.0</b>
<b>Average</b>				<b>18.5</b>	<b>16.1</b>	<b>12.5</b>	<b>11.0</b>	<b>2.1</b>	<b>2.0</b>	<b>18.5</b>	<b>19.6</b>	<b>3.8</b>	<b>3.7</b>	<b>2.8</b>
<b>Median</b>				<b>15.8</b>	<b>14.9</b>	<b>10.8</b>	<b>10.0</b>	<b>1.7</b>	<b>1.4</b>	<b>16.8</b>	<b>15.9</b>	<b>2.8</b>	<b>3.1</b>	<b>2.5</b>
<b>Diff.% to median</b>				<b>-26%</b>	<b>-26%</b>	<b>-40%</b>	<b>-35%</b>	<b>-54%</b>	<b>-45%</b>	<b>-42%</b>	<b>-44%</b>	<b>83%</b>	<b>69%</b>	<b>-20%</b>

Source: Thomson Reuters / 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	Q1'22e	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
<b>Revenue</b>	<b>501</b>	<b>132</b>	<b>143</b>	<b>148</b>	<b>163</b>	<b>586</b>	<b>147</b>	<b>137</b>	<b>137</b>	<b>147</b>	<b>569</b>	<b>580</b>	<b>636</b>	<b>664</b>
ESL	148	43.4	46.0	47.3	54.7	191	51.6	50.1	48.7	55.2	206	210	250	258
Leipurin	101	27.9	25.8	27.7	31.7	113	27.1	23.2	24.9	28.5	104	111	111	114
Telko	251	58.0	67.6	69.6	73.6	269	65.0	60.0	60.0	60.0	245	260	275	292
Group expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>49.4</b>	<b>15.1</b>	<b>16.8</b>	<b>15.1</b>	<b>16.1</b>	<b>63.1</b>	<b>18.9</b>	<b>16.7</b>	<b>16.3</b>	<b>16.9</b>	<b>68.8</b>	<b>69.1</b>	<b>77.3</b>	<b>84.1</b>
Depreciation	-30.1	-7.3	-7.3	-7.3	-7.3	-29.2	-7.3	-7.3	-7.3	-7.3	-29.2	-28.6	-32.3	-36.9
<b>EBIT (excl. NRI)</b>	<b>19.3</b>	<b>7.8</b>	<b>9.5</b>	<b>11.2</b>	<b>13.9</b>	<b>42.4</b>	<b>10.1</b>	<b>9.4</b>	<b>9.0</b>	<b>9.6</b>	<b>38.1</b>	<b>40.5</b>	<b>45.1</b>	<b>47.2</b>
<b>EBIT</b>	<b>19.3</b>	<b>7.8</b>	<b>9.5</b>	<b>7.8</b>	<b>8.8</b>	<b>33.9</b>	<b>11.6</b>	<b>9.4</b>	<b>9.0</b>	<b>9.6</b>	<b>39.6</b>	<b>40.5</b>	<b>45.1</b>	<b>47.2</b>
ESL	7.6	4.5	5.4	7.1	9.8	26.8	8.5	6.5	6.3	7.2	28.6	27.3	30.0	30.9
Leipurin	1.4	0.3	0.3	0.6	-3.6	-2.4	0.3	0.3	0.5	0.5	1.6	2.3	2.3	2.4
Telko	14.9	4.5	5.6	5.8	4.4	20.3	4.2	4.0	3.6	3.2	14.9	15.9	17.8	18.9
Group expenses	-4.6	-1.5	-1.7	-2.7	-1.9	-7.8	-1.3	-1.3	-1.3	-1.3	-5.0	-5.0	-5.0	-5.0
Net financial items	-4.5	-0.9	-1.0	-1.0	-1.0	-3.9	-1.1	-1.1	-1.1	-1.1	-4.4	-3.9	-4.1	-4.1
<b>PTP</b>	<b>14.8</b>	<b>6.9</b>	<b>8.5</b>	<b>6.8</b>	<b>7.8</b>	<b>30.0</b>	<b>10.5</b>	<b>8.3</b>	<b>7.9</b>	<b>8.5</b>	<b>35.2</b>	<b>36.6</b>	<b>40.9</b>	<b>43.1</b>
Taxes	-1.4	-0.6	-0.8	-1.2	-2.1	-4.7	-0.9	-0.7	-0.7	-0.7	-2.9	-3.2	-3.6	-3.8
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
<b>Net earnings</b>	<b>13.4</b>	<b>6.3</b>	<b>7.7</b>	<b>5.6</b>	<b>5.7</b>	<b>25.3</b>	<b>9.7</b>	<b>7.6</b>	<b>7.3</b>	<b>7.8</b>	<b>32.3</b>	<b>33.4</b>	<b>37.3</b>	<b>39.3</b>
<b>EPS (adj.)</b>	<b>0.38</b>	<b>0.19</b>	<b>0.23</b>	<b>0.27</b>	<b>0.33</b>	<b>1.02</b>	<b>0.25</b>	<b>0.23</b>	<b>0.22</b>	<b>0.23</b>	<b>0.93</b>	<b>1.02</b>	<b>1.14</b>	<b>1.21</b>
<b>EPS (rep.)</b>	<b>0.38</b>	<b>0.19</b>	<b>0.23</b>	<b>0.17</b>	<b>0.17</b>	<b>0.75</b>	<b>0.29</b>	<b>0.23</b>	<b>0.22</b>	<b>0.23</b>	<b>0.97</b>	<b>1.02</b>	<b>1.14</b>	<b>1.21</b>

Key figures	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22e	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
<b>Revenue growth-%</b>	-14.8 %	-0.7 %	23.6 %	25.0 %	22.2 %	17.1 %	11.3 %	-4.1 %	-7.2 %	-9.6 %	-3.0 %	1.9 %	9.7 %	4.3 %
<b>Adjusted EBIT growth-%</b>	-8.7 %	95.0 %	131.7 %	211.1 %	82.9 %	119.7 %	29.9 %	-1.2 %	-19.2 %	-31.3 %	-10.1 %	6.3 %	11.3 %	4.7 %
<b>EBITDA-%</b>	9.9 %	11.4 %	11.8 %	10.2 %	9.9 %	10.8 %	12.9 %	12.2 %	11.9 %	11.4 %	12.1 %	11.9 %	12.2 %	12.7 %
<b>Adjusted EBIT-%</b>	3.9 %	5.9 %	6.6 %	7.6 %	8.5 %	7.2 %	6.9 %	6.8 %	6.6 %	6.5 %	6.7 %	7.0 %	7.1 %	7.1 %
<b>Net earnings-%</b>	2.4 %	4.5 %	5.1 %	3.5 %	3.2 %	4.0 %	6.3 %	5.2 %	5.0 %	5.0 %	5.4 %	5.5 %	5.6 %	5.7 %

Source: Inderes

# Balance sheet

Assets	2020	2021	2022e	2023e	2024e
<b>Non-current assets</b>	<b>246</b>	<b>237</b>	<b>231</b>	<b>255</b>	<b>287</b>
Goodwill	43.3	34.2	34.2	34.2	34.2
Intangible assets	11.9	11.7	11.5	10.9	10.5
Tangible assets	189	190	183	209	240
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	1.0	0.7	0.7	0.7	0.7
Other non-current assets	0.8	1.0	1.0	1.0	1.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
<b>Current assets</b>	<b>138</b>	<b>169</b>	<b>159</b>	<b>157</b>	<b>172</b>
Inventories	42.4	68.6	68.3	63.8	70.0
Other current assets	0.0	8.4	0.0	0.0	0.0
Receivables	63.2	74.4	74.0	75.4	82.7
Cash and equivalents	32.3	17.7	17.2	17.5	19.2
<b>Balance sheet total</b>	<b>384</b>	<b>406</b>	<b>390</b>	<b>412</b>	<b>459</b>

Source: Inderes

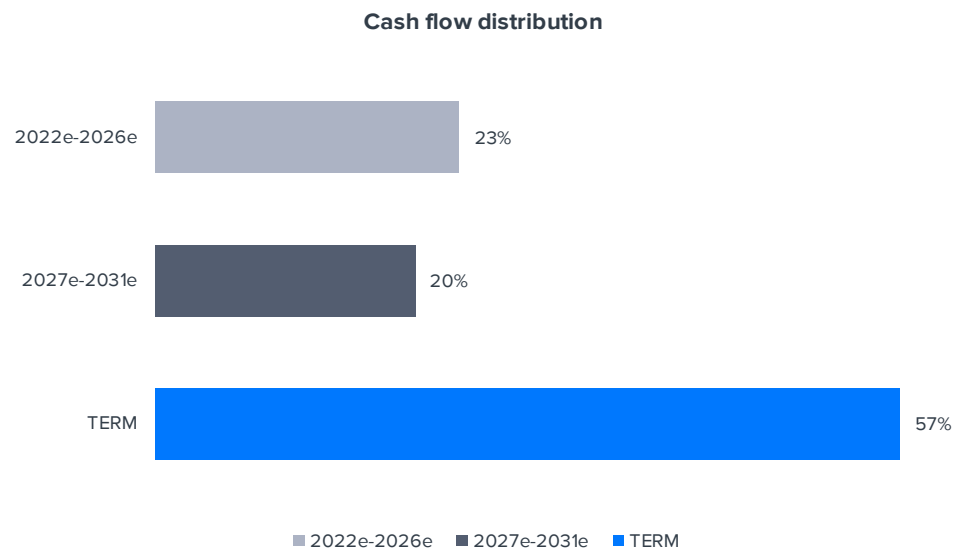
Liabilities & equity	2020	2021	2022e	2023e	2024e
<b>Equity</b>	<b>114</b>	<b>129</b>	<b>142</b>	<b>159</b>	<b>180</b>
Share capital	22.0	22.0	17.7	17.7	17.7
Retained earnings	71.5	87.4	104	121	143
Hybrid bonds	20.0	20.0	20.0	20.0	20.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>161</b>	<b>155</b>	<b>134</b>	<b>136</b>	<b>151</b>
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	156	149	129	131	146
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	4.5	5.7	5.0	5.0	5.0
<b>Current liabilities</b>	<b>110</b>	<b>122</b>	<b>115</b>	<b>117</b>	<b>128</b>
Short term debt	45.9	35.8	30.9	31.5	34.9
Payables	63.9	79.3	77.0	78.5	86.0
Other current liabilities	0.0	6.8	6.8	6.8	6.8
<b>Balance sheet total</b>	<b>384</b>	<b>406</b>	<b>390</b>	<b>412</b>	<b>459</b>

# DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
<b>EBIT (operating profit)</b>	<b>33.9</b>	<b>39.6</b>	<b>40.5</b>	<b>45.1</b>	<b>47.2</b>	<b>41.4</b>	<b>39.1</b>	<b>40.3</b>	<b>41.5</b>	<b>42.7</b>	<b>43.6</b>	
+ Depreciation	29.2	29.2	28.6	32.3	36.9	36.8	36.7	36.6	36.5	36.4	36.4	
- Paid taxes	-4.7	-2.9	-3.2	-3.6	-3.8	-3.3	-3.1	-3.2	-3.4	-3.5	-3.6	
- Tax, financial expenses	-0.4	-0.4	-0.3	-0.4	-0.4	-0.3	-0.3	-0.3	-0.3	-0.3	-0.2	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-23.6	6.8	4.5	-5.9	-2.9	-2.8	-2.2	-2.2	-2.3	-2.4	-1.6	
<b>Operating cash flow</b>	<b>34.4</b>	<b>72.3</b>	<b>70.1</b>	<b>67.5</b>	<b>77.1</b>	<b>71.7</b>	<b>70.1</b>	<b>71.1</b>	<b>72.0</b>	<b>73.0</b>	<b>74.5</b>	
+ Change in other long-term liabilities	1.2	-0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-20.2	-22.5	-53.5	-63.5	-36.0	-36.0	-36.0	-36.0	-36.0	-36.0	-35.8	
<b>Free operating cash flow</b>	<b>15.4</b>	<b>49.1</b>	<b>16.6</b>	<b>4.0</b>	<b>41.1</b>	<b>35.7</b>	<b>34.1</b>	<b>35.1</b>	<b>36.0</b>	<b>37.0</b>	<b>38.7</b>	
+/- Other	-1.6	-1.7	-1.4	-1.4	-1.4	-0.7	0.0	0.0	0.0	0.0	0.0	
FCFF	13.8	47.4	15.2	2.6	39.7	35.0	34.1	35.1	36.0	37.0	38.7	611
<b>Discounted FCFF</b>		<b>44.3</b>	<b>13.1</b>	<b>2.1</b>	<b>29.0</b>	<b>23.7</b>	<b>21.3</b>	<b>20.1</b>	<b>19.1</b>	<b>18.1</b>	<b>17.4</b>	<b>275</b>
Sum of FCFF present value		483	439	426	424	395	371	350	330	311	292	275
<b>Enterprise value DCF</b>		<b>483</b>										
- Interesting bearing debt		-185.1										
+ Cash and cash equivalents		17.7										
-Minorities		0.0										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>316</b>										
<b>Equity value DCF per share</b>		<b>10.0</b>										

Wacc	
Tax-% (WACC)	10.0 %
Target debt ratio (D/(D+E))	30.0 %
Cost of debt	3.5 %
Equity Beta	1.10
Market risk premium	4.75%
Liquidity premium	3.50%
Risk free interest rate	2.0 %
<b>Cost of equity</b>	<b>10.7 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.5 %</b>

Source: Inderes



# Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	587.7	500.7	586.4	<b>569.1</b>	<b>580.2</b>	EPS (reported)	0.47	0.38	0.75	<b>0.97</b>	<b>1.02</b>
EBITDA	49.7	49.4	63.1	<b>68.8</b>	<b>69.1</b>	EPS (adj.)	0.47	0.38	1.02	<b>0.93</b>	<b>1.02</b>
EBIT	21.1	19.3	33.9	<b>39.6</b>	<b>40.5</b>	OCF / share	1.60	2.41	1.10	<b>2.30</b>	<b>2.23</b>
PTP	18.2	14.8	30.0	<b>35.2</b>	<b>36.6</b>	FCF / share	1.27	1.68	0.44	<b>1.51</b>	<b>0.48</b>
Net Income	14.6	12.0	23.7	<b>30.6</b>	<b>32.0</b>	Book value / share	3.88	3.61	4.12	<b>4.51</b>	<b>5.06</b>
Extraordinary items	0.0	0.0	-8.5	<b>1.5</b>	<b>0.0</b>	Dividend / share	0.22	0.35	0.45	<b>0.46</b>	<b>0.47</b>
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	409.9	384.1	406.3	<b>390.0</b>	<b>412.2</b>	Revenue growth-%	9%	-15%	17%	<b>-3%</b>	<b>2%</b>
Equity capital	122.0	113.5	129.4	<b>141.6</b>	<b>159.1</b>	EBITDA growth-%	29%	-1%	28%	<b>9%</b>	<b>0%</b>
Goodwill	43.3	43.3	34.2	<b>34.2</b>	<b>34.2</b>	EBIT (adj.) growth-%	-20%	-9%	120%	<b>-10%</b>	<b>6%</b>
Nettovelat*	223.0	189.9	187.4	<b>162.5</b>	<b>165.3</b>	EPS (adj.) growth-%	-20%	-18%	168%	<b>-10%</b>	<b>10%</b>
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	8.5 %	9.9 %	10.8 %	<b>12.1 %</b>	<b>11.9 %</b>
EBITDA	49.7	49.4	63.1	<b>68.8</b>	<b>69.1</b>	EBIT (adj.)-%	3.6 %	3.9 %	7.2 %	<b>6.7 %</b>	<b>7.0 %</b>
Change in working capital	2.8	28.3	-23.6	<b>6.8</b>	<b>4.5</b>	EBIT-%	3.6 %	3.9 %	5.8 %	<b>7.0 %</b>	<b>7.0 %</b>
Operating cash flow	50.1	75.9	34.4	<b>72.3</b>	<b>70.1</b>	ROE-%	12.3 %	10.2 %	19.5 %	<b>22.6 %</b>	<b>21.3 %</b>
CAPEX	-52.2	-21.4	-20.2	<b>-22.5</b>	<b>-53.5</b>	ROI-%	6.3 %	5.9 %	10.8 %	<b>12.9 %</b>	<b>13.0 %</b>
Free cash flow	39.8	52.7	13.8	<b>47.4</b>	<b>15.2</b>	Equity ratio	29.8 %	29.5 %	31.8 %	<b>36.3 %</b>	<b>38.6 %</b>
						Gearing	162.3 %	149.7 %	129.4 %	<b>100.6 %</b>	<b>91.3 %</b>
Valuation multiples	2019	2020	2021	2022e	2023e						
EV/S	0.8	0.9	0.9	<b>0.8</b>	<b>0.8</b>						
EV/EBITDA (adj.)	9.4	9.2	8.6	<b>6.5</b>	<b>6.5</b>						
EV/EBIT (adj.)	22.2	23.5	12.8	<b>11.7</b>	<b>11.1</b>						
P/E (adj.)	16.9	22.0	11.1	<b>9.7</b>	<b>8.8</b>						
P/B	2.0	2.3	2.8	<b>2.0</b>	<b>1.8</b>						
Dividend-%	2.8 %	4.2 %	4.0 %	<b>5.1 %</b>	<b>5.2 %</b>						

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Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
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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Date	Recommendation	Target price	Share price
6/17/2019	Reduce	9.00 €	8.74 €
8/2/2019	Reduce	8.30 €	8.48 €
8/15/2019	Reduce	8.10 €	8.04 €
10/30/2019	Sell	7.80 €	8.66 €
11/21/2019	Sell	7.50 €	8.08 €
11/27/2019	Reduce	7.50 €	7.86 €
2/14/2020	Reduce	7.50 €	8.44 €
3/13/2020	Accumulate	6.50 €	6.12 €
4/7/2020	Reduce	6.50 €	6.56 €
4/9/2020	Reduce	6.00 €	6.22 €
5/6/2020	Reduce	6.00 €	6.06 €
8/13/2020	Reduce	6.00 €	5.94 €
9/15/2020	Accumulate	6.50 €	6.04 €
10/30/2020	Accumulate	7.00 €	6.02 €
12/2/2020	Accumulate	7.50 €	7.06 €
12/9/2020	Accumulate	8.50 €	7.90 €
2/12/2021	Accumulate	9.50 €	9.08 €
4/8/2021	Accumulate	9.50 €	9.18 €
5/6/2021	Accumulate	10.00 €	9.45 €
8/5/2021	Buy	12.00 €	10.40 €
8/12/2021	Accumulate	12.50 €	11.32 €
9/22/2021	Buy	12.50 €	10.26 €
10/28/2021	Accumulate	14.00 €	13.04 €
12/2/2021	Buy	13.00 €	10.78 €
2/17/2022	Buy	13.00 €	10.34 €
2/28/2022	Reduce	9.00 €	8.99 €



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