

Purmo Group

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Tuloskasvua vasta 2024" published on 12/9/2022 at 8:14 am

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Earnings growth only in 2024

We estimate that Purmo's volumes will decrease also in 2023 and push both net sales and earnings to a slight drop. We believe that the company's efficiency measures and net sales recovery will result in clear earnings growth in 2024. Next year's multiples are neutral or rather high but considering the 4% dividend yield and estimated earnings growth in 2024 the share's risk/return ratio is still slightly positive. We lower our recommendation to Accumulate (previously Buy) and our target price to EUR 10 (previously 12) due to lower estimates.

Estimates more conservative as volume drop continues to depress 2023

In the Radiators division, Purmo's as well as the market's volumes have decreased clearly during 2022 and the company expects them to be about 25% below last year's level. The company expects the volume decrease in Radiators to continue in 2023, albeit at a clearly lower level than this year. In the ICS division, volumes have remained good in 2022, but the slowdown in construction activity is likely to turn volumes to a clear decrease also in this area next year. With the efficiency program announced in fall, the company aims to achieve savings of EUR 40 million which will be fully visible from the beginning of 2025. We estimate that the impact for next year will be about EUR 10 million, which compensates for some of the negative impact of the falling volumes, but not all. In addition, next year's result will be supported by a stabilization of cost inflation and a positive impact of price increases. All in all, our new estimates expect the company to be able to maintain an adjusted EBITDA margin of about 10% next year, as earnings fall slightly with the drop in net sales. This represents a decrease of approximately 10% in 2023-24 EBITDA estimates. We have also updated our interest and tax estimates, which are visible as a drop in net earnings estimates.

Efficiency program and the turn in the market/volumes should support 2024 earnings growth

In 2024, we expect volumes to turn up again with the economic trend. However, no growth is expected in radiator volumes in the longer term. Thus, Purmo's growth depends on other areas, which somewhat limits Purmo's growth potential. The efficiency program should bring significant savings in 2024 (we estimate additional savings of 20 MEUR compared to 2023), which, in addition to improving volumes, will support the significant earnings improvement we expect close to 2021 levels in terms of adjusted EBITDA. However, the margin level in our estimates is 11.4%, which is quite far from the company's 15% target. In terms of the margin, the company at least believes that there is room for further improvement and we also expect a slight increase in the margin in 2025, although we do not expect the company to reach its target in the longer term, which it has never been able to achieve in the past.

No upside in valuation multiples but the dividend and 2024 growth outlook maintain a positive risk/return ratio

As we expect a small earnings drop for Purmo in 2023, the 2022-23 multiples are roughly at the same levels. We expect them (P/E 12x, EV/EBIT 12x) to be at a rather neutral level, but closer to the top of the neutral valuation range. The company's acceptable valuation is limited by the subdued growth potential in radiators and the return on capital of about 10%. However, 2024 earnings growth will press multiples (P/E and EV/EBIT 9x) to the cheap side. This, together with a dividend yield of about 4%, raises the share's expected return in the next few years to 10-15%, which is slightly higher than our required return and thus provides a positive risk/return ratio.

Recommendation

Accumulate

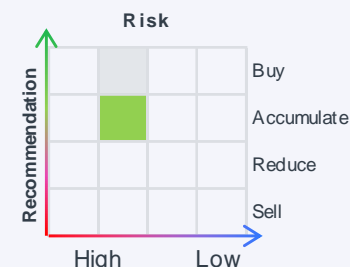
(previous Buy)

EUR 10.00

(previous EUR 12.00)

Share price:

EUR 9.20



Key figures

	2021	2022e	2023e	2024e
Revenue	843.6	904.0	872.4	892.8
growth-%	26%	7%	-3%	2%
EBITDA adj.	103.9	90.7	86.6	101.6
EBITDA-% adj.	12.3 %	10.0 %	9.9 %	11.4 %
Net Income	-18.8	17.5	3.8	32.7
EPS (adj.)	1.78	0.79	0.77	1.00

P/E (adj.)	8.0	11.7	11.9	9.2
P/B	1.5	1.0	1.0	1.0
Dividend yield-%	2.5 %	3.8 %	3.8 %	4.0 %
EV/EBIT (adj.)	11.1	11.4	11.8	9.0
EV/EBITDA	7.9	7.3	7.5	6.1
EV/S	1.0	0.7	0.7	0.7

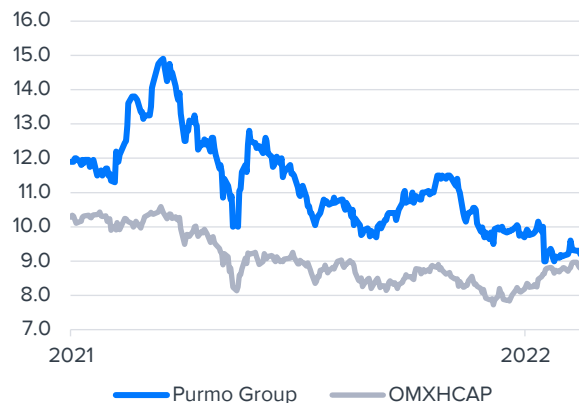
Source: Inderes

Guidance

(Unchanged)

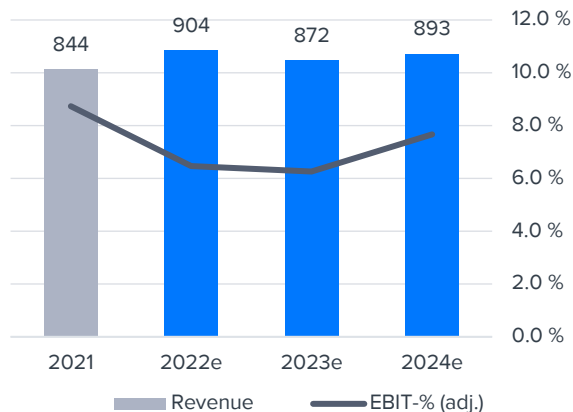
For 2022, Purmo Group expects net sales to increase from 2021 (EUR 843.6 million). Purmo Group expects adjusted EBITDA to decline from 2021 (EUR 103.9 million) and to be between EUR 88-96 million.

Share price



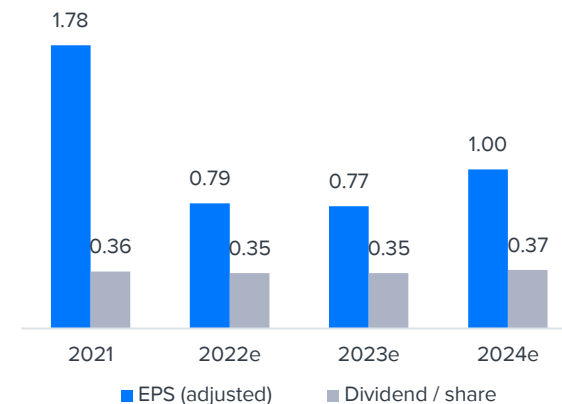
Source: Millstream Market Data AB

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- One of the largest product portfolios on the market
- Strong brands and market positions in Europe's radiator business
- Sustainable development, renovation debt, digitalization support the growth outlook of the market



Risk factors

- Dependency on construction cycles, especially in housing construction
- Distribution is dependent on large wholesale customers
- Capacity management and successful growth investment

Valuation	2022e	2023e	2024e
Share price	9.20	9.20	9.20
Number of shares, millions	42.6	42.6	42.6
Market cap	392	392	392
EV	665	647	616
P/E (adj.)	11.7	11.9	9.2
P/B	1.0	1.0	1.0
P/S	0.4	0.4	0.4
EV/Sales	0.7	0.7	0.7
EV/EBITDA	7.3	7.5	6.1
EV/EBIT (adj.)	11.4	11.8	9.0
Payout ratio (%)	85.1%	391.1%	48.1%
Dividend yield-%	3.8 %	3.8 %	4.0 %

Source: Inderes

Lower volumes will depress the result also next year

Volumes are expected to fall next year (as well)

In the Radiators division, Purmo's as well as the market's volumes have decreased clearly during 2022 and the company expects them to be about 25% below last year's level. The decline has accelerated toward the end of the year, although the comparison periods are relatively easier in the second half of this year. This reflects a clear decrease in absolute volumes, which is depressed not only by the decline in end demand, but also by the decrease in distributors' inventories. The company, however, expects the volume decrease in Radiators to continue in 2023, albeit at a clearly lower level than this year.

Volumes in the ICS division have remained good in 2022. The slowdown in construction activity is expected to push volumes down clearly also there next year.

Efficiency program supports the margin

The company aims to achieve savings of EUR 40 million with the efficiency program which will be fully visible from the beginning of 2025. We estimate that the impact for next year will be about EUR 10 million, which compensates for some of the negative impact of the falling volumes, but not all according to our view. In addition, the result will be supported by the stabilization of cost inflation and the positive impact of price increases next year as well. All in all, we believe the company to be able to maintain an adjusted EBITDA margin of about 10% next year, as earnings fall slightly with the drop in net sales.

Interest costs are rising clearly

Purmo's interest rate fixing period is rather short and increased market rates were already clearly reflected in its Q3 financing costs. We have also updated

interest rate estimates for coming years to consider the higher interest rate level.

Debt leverage remains close to the maximum level

Purmo's objective is to keep net debt/adjusted EBITDA below 3.0x. With our estimates the level is close to the maximum but below that both at the end of 2022 and at the end of 2023. This is due to a slight decrease in earnings in 2023 and one-off costs burdening reported profitability and cash flow, which means that the net debt will not change substantially. Considering the balance sheet situation, we believe Purmo cannot make bigger acquisitions with debt financing alone.

Estimate revisions MEUR / EUR	2022e		Change %	2023e		Change %	2024e		Change %
	Old	New		Old	New		Old	New	
Revenue	904	904	0%	885	872	-1%	919	893	-3%
EBITDA exc. NRIs	91.0	90.7	0%	96.1	86.6	-10%	110.5	102	-8%
EBIT (exc. NRIs)	58.9	58.4	-1%	63.9	54.6	-15%	77.4	68.4	-12%
EBIT	42.8	42.3	-1%	34.9	25.6	-27%	67.4	58.4	-13%
PTP	29.2	28.2	-3%	21.8	7.6	-65%	54.5	42.4	-22%
EPS (excl. NRIs)	0.86	0.79	-8%	1.13	0.77	-32%	1.27	1.00	-21%
DPS	0.36	0.36	0%	0.38	0.36	-5%	0.40	0.38	-5%

Source: Inderes

Share's risk/return ratio slightly positive

Valuation summary

We use both earnings-based multiples and the sum of the parts calculation when pricing Purmo, as well as peer valuation as a supporting tool. We also assess Purmo through its return on capital. We believe the DCF model provides good support for the valuation of Purmo. The methods indicate a fair value of around EUR 9-11. The target price is set between these at EUR 10. Purmo's expected return consists of a dividend yield of about 4% and the clear 2024 earnings growth expectation. We see a small downside in the multiples from the current level.

Earnings multiples at rather neutral level in 2022-23

As we expect a small earnings drop for Purmo in 2023, the 2022-23 multiples are roughly at the same levels. We expect them (P/E 12x, EV/EBIT 12x) to be at a rather neutral level, but closer to the top of the neutral valuation range. However, 2024 earnings growth will press multiples (P/E and EV/EBIT 9x) to the cheap side. In our view, the company's valuation level is negatively affected at least by the fact that almost half of its sales come from radiators, where the market is not growing. In addition, the company's return on capital is weak, reflecting historically weak capital allocation. The company now tries to focus on growing segments in heating and cooling solutions, but its success through organic growth is still uncertain. Nor do we believe that organic growth will accelerate to a high level with the company's current structure as radiators weaken the growth profile.

Sum of the parts value some EUR 10.5 per share

Purmo's reporting is divided into Radiators and ICS divisions until the end of this year. We believe that this clear division into different profile activities provides a

good basis for a sum of the parts valuation. We believe that the main competitor of the Radiators division, and thus the closest peer, is Stelrad, whose 2023 EV/EBITDA ratio (good 5x) we use directly to determine the value of the division. We use a broader peer group for the ICS division, i.e. in practice the entire peer group of the company from which we have removed the radiator side players Stelrad, Arbonia and Zehnder. These peers give ICS an EV/EBITDA ratio of close to 11x. By using the 2021-23e EBITDA average for Purmo's divisions, the fair value of Purmo's share is around EUR 10.5.

Weakish return on capital

With our estimates Purmo's return on capital will remain modest even in the medium term, with the total return on capital below 10% and a return on equity on both sides of 10%. Even at best, this only meets our required return on equity of close to 11% (which is relatively high due, e.g., to the company's cyclicality). Therefore, a P/B ratio of 1.0x seems justified for the company. The return on capital is depressed by the large amount of goodwill that the company has generated from acquisitions. Especially historical acquisitions in radiators, where the market has been on a downward trend for 15 years, are unlikely to have generated value.

Based on the DCF model the share value is around EUR 11

Our DCF model assumes a medium-term annual growth rate of 2.5% and an EBIT margin of 7.5%. This is clearly lower than Purmo's target (15% EBITDA margin), but on the other hand higher than the current or historical level. Our required return on capital for Purmo is 8.8%, which leads us to a fair value of around EUR 11 per share.

Valuation	2022e	2023e	2024e
Share price	9.20	9.20	9.20
Number of shares, millions	42.6	42.6	42.6
Market cap	392	392	392
EV	665	647	616
P/E (adj.)	11.7	11.9	9.2
P/B	1.0	1.0	1.0
P/S	0.4	0.4	0.4
EV/Sales	0.7	0.7	0.7
EV/EBITDA	7.3	7.5	6.1
EV/EBIT (adj.)	11.4	11.8	9.0
Payout ratio (%)	85.1%	391.1%	48.1%
Dividend yield-%	3.8%	3.8%	4.0%

Source: Inderes

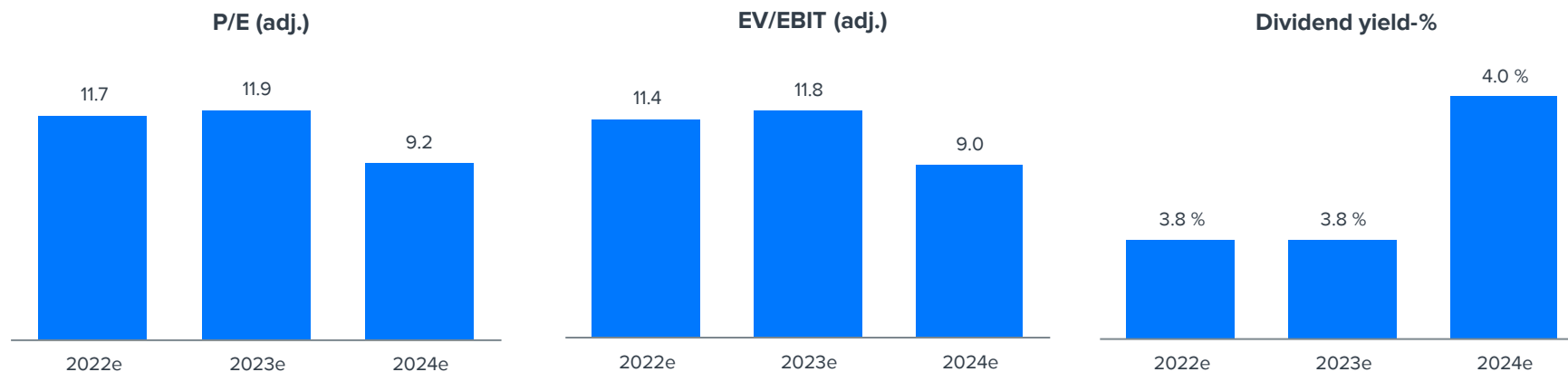
Sum of the parts	Value, MEUR	Valuation method
Radiators	286	Stelrad EV/EBITDA 2023
ICS	509	Peer group EV/EBITDA 2023
Other	-80	EV/EBITDA 10x
EV total	715	
Net debt at end of 2022	273	
Share capital	442	
per share	10.4	

Source: Inderes

Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price					14.2	9.20	9.20	9.20	9.20
Number of shares, millions					28.8	42.6	42.6	42.6	42.6
Market cap					577	392	392	392	392
EV					817	665	647	616	586
P/E (adj.)					8.0	11.7	11.9	9.2	8.6
P/B					1.5	1.0	1.0	1.0	0.9
P/S					0.7	0.4	0.4	0.4	0.4
EV/Sales					1.0	0.7	0.7	0.7	0.6
EV/EBITDA					7.9	7.3	7.5	6.1	5.5
EV/EBIT (adj.)					11.1	11.4	11.8	9.0	7.9
Payout ratio (%)					neg.	85.1%	391.1%	48.1%	39.8%
Dividend yield-%					2.5 %	3.8 %	3.8 %	4.0 %	4.6 %

Source: Inderes



Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/Liikevaihto		P/E		Dividend yield-%		P/B
			2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e
Nibe Industrier AB	19317	19996	39.9	35.2	31.6	27.8	5.6	5.0	51.3	45.5	0.6	0.6	8.2
Lindab International AB	920	1216	9.4	11.3	7.1	8.0	1.1	1.1	9.4	11.5	4.0	3.7	1.5
Systemair AB	1317	1554	21.3	18.1	14.6	12.6	1.8	1.6	25.7	21.7	1.4	1.5	3.8
Uponor Oyj	1116	1239	7.9	9.1	5.9	6.6	0.9	0.9	11.3	12.8	4.6	4.7	2.4
Arbonia AG	958	1026	16.8	14.0	7.9	7.0	0.8	0.8	24.8	19.1	2.3	2.6	0.9
Volution Group PLC	815	923	13.6	14.3	10.9	10.8	2.6	2.5	15.1	15.0	2.0	2.1	
Zehnder Group AG	1144	1139	15.8	14.3	11.9	10.8	1.4	1.4	12.2	11.0	3.2	3.5	1.9
Stelrad Group PLC	197	261	6.4	6.2	5.2	5.3	0.7	0.6	6.6	7.2	6.0	5.6	
Ecoclime Group AB	27	22		25.0		10.5	1.0	0.8		32.6			1.3
Purmo Group (Inderes)	392	665	11.4	11.8	7.3	7.5	0.7	0.7	11.7	11.9	3.8	3.8	1.0
Average			16.4	16.4	11.9	11.1	1.8	1.6	19.6	19.6	3.0	3.0	2.9
Median			14.7	14.3	9.4	10.5	1.1	1.1	13.7	15.0	2.7	3.0	1.9
Diff-% to median			-2.3%	-17%	-22%	-29%	-32%	-33%	-15%	-21%	39%	25%	-48%

Source: Refinitiv / Inderes

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
Revenue	671	191	212	219	223	844	236	245	216	207	904	872	893	924
Radiators	671	110	121	133	143	506	135	128	110	111	484	465	465	475
ICS	0.0	80	92	86	80	337	101	117	106	95	420	407	428	449
EBITDA	71.9	26.2	25.8	16.7	-35.1	33.6	29.3	24.3	18.5	10.0	82.1	57.6	91.6	107.4
Depreciation	-29.9	-7.5	-8.1	-7.8	-6.7	-30.2	-15.2	-8.4	-8.0	-8.2	-39.8	-32.0	-33.2	-33.1
EBIT (excl. NRI)	55.2	21.6	18.8	17.4	15.9	73.7	21.6	19.5	11.5	5.8	58.4	54.6	68.4	74.3
EBIT	42.0	18.7	17.7	8.9	-41.8	3.5	14.1	15.9	10.5	1.8	42.3	25.6	58.4	74.3
Radiators (adj. EBITDA)	42.0	19.3	16.4	15.0	15.3	66.0	17.5	15.4	9.3	7.1	49.3	46.8	54.9	57.0
ICS (adj. EBITDA)	0.0	10.7	11.4	12.0	9.6	43.7	13.6	14.6	12.4	9.2	49.8	47.8	54.8	58.4
Other and NRIs	0.0	-3.8	-2.1	-10.3	-59.9	-76.1	-1.8	-5.8	-3.1	-6.2	-16.9	-37.0	-18.0	-8.0
Share of profits in assoc. compan.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-10.1	-1.8	-1.9	-2.2	-2.7	-8.6	-2.8	-3.0	-4.3	-4.0	-14.1	-18.0	-16.0	-15.0
PTP	31.9	16.9	15.8	6.7	-44.5	-5.1	11.3	12.9	6.2	-2.2	28.2	7.6	42.4	59.3
Taxes	-6.6	-5.0	-3.5	-3.1	-2.2	-13.7	-4.8	-4.5	-0.9	-0.5	-10.7	-3.8	-9.8	-13.6
Minority interest	-0.4	0.0	-0.2	-0.3	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	24.9	11.9	12.2	3.4	-46.3	-18.8	6.5	8.4	5.3	-2.7	17.5	3.8	32.7	45.6
EPS (adj.)	0.94	0.51	0.46	0.41	0.40	1.78	0.33	0.28	0.15	0.03	0.79	0.77	1.00	1.07
EPS (rep.)	0.61	0.41	0.42	0.12	-1.61	-0.65	0.15	0.20	0.12	-0.06	0.41	0.09	0.77	1.07
Key figures	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22	Q3'22	Q4'22e	2022e	2023e	2024e	2025e
Revenue growth-%	-3.7 %	-	-	-	-	25.7 %	23.9 %	15.6 %	-1.0 %	-7.2 %	7.2 %	-3.5 %	2.3 %	3.5 %
Adj. EBITDA growth-%	31.0 %	-	-	-	-	22.1 %	0.3 %	3.8 %	-22.8 %	-37.6 %	-12.7 %	-4.5 %	17.3 %	5.7 %
EBITDA-%	10.7 %	13.8 %	12.2 %	7.6 %	-15.8 %	4.0 %	12.4 %	9.9 %	8.6 %	4.8 %	9.1 %	6.6 %	10.3 %	11.6 %
Adjusted EBITDA %	12.7 %	15.3 %	12.6 %	11.6 %	7.1 %	12.3 %	12.4 %	11.4 %	9.1 %	6.8 %	10.0 %	9.9 %	11.4 %	11.6 %
Net earnings-%	3.7 %	6.2 %	5.7 %	1.5 %	-20.8 %	-2.2 %	2.8 %	3.4 %	2.5 %	-1.3 %	1.9 %	0.4 %	3.7 %	4.9 %

Source: Inderes

Balance sheet

Assets	2020	2021	2022e	2023e	2024e
Non-current assets	596	602	606	606	605
Goodwill	365	369	362	362	362
Intangible assets	38.0	36.3	42.8	41.8	40.4
Tangible assets	164	163	170	171	171
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	3.1	7.2	7.0	7.0	7.0
Deferred tax assets	25.5	26.5	25.0	25.0	25.0
Current assets	240	444	377	338	337
Inventories	105	157	172	157	152
Other current assets	26.7	31.7	30.0	30.0	30.0
Receivables	53.1	77.1	118	96.0	89.3
Cash and equivalents	55.0	178	57.3	55.0	66.3
Balance sheet total	836	1046	982	944	942

Source: Inderes

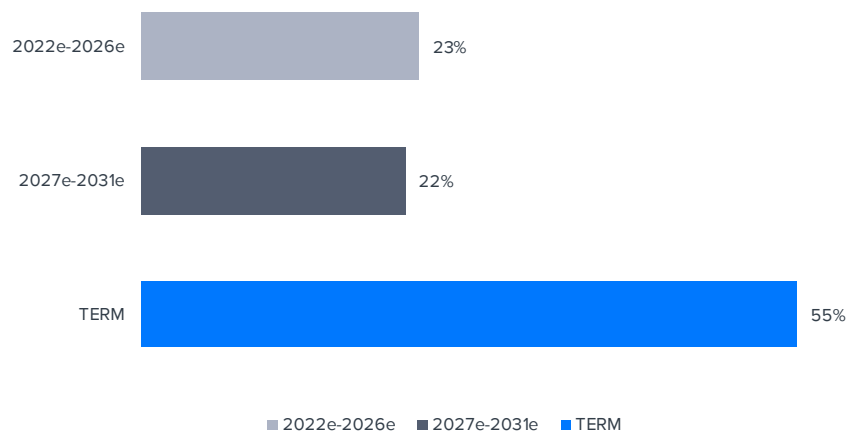
2021 Pro forma, 2019-2020 Purmo Group

Liabilities & equity	2020	2021	2022e	2023e	2024e
Equity	517	391	393	382	400
Share capital	0.0	3.1	3.1	3.1	3.1
Retained earnings	25.1	6.6	9.5	-1.6	16.2
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	490	381	381	381	381
Minorities	1.8	0.0	0.0	0.0	0.0
Non-current liabilities	70.7	351	335	315	295
Deferred tax liabilities	3.9	2.6	2.6	2.6	2.6
Provisions	7.3	7.6	7.6	7.6	7.6
Long term debt	29.7	316	300	280	260
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	29.8	24.7	24.7	24.7	24.7
Current liabilities	248	304	254	247	247
Short term debt	100	101	30.0	30.0	30.0
Payables	142	192	212	205	205
Other current liabilities	6.1	11.7	11.7	11.7	11.7
Balance sheet total	836	1046	982	944	942

DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
Revenue growth-%	25.7 %	7.2 %	-3.5 %	2.3 %	3.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.0 %	2.0 %
EBIT-%	0.4 %	4.7 %	2.9 %	6.5 %	8.0 %	7.5 %	7.5 %	7.5 %	7.5 %	7.0 %	7.0 %	7.0 %
EBIT (operating profit)	3.5	42.3	25.6	58.4	74.3	71.0	72.8	74.6	76.5	73.2	74.7	
+ Depreciation	30.2	39.8	32.0	33.2	33.1	33.0	33.0	32.9	32.8	32.8	32.7	
- Paid taxes	-16.0	-9.2	-3.8	-9.8	-13.6	-13.8	-14.4	-14.8	-15.2	-14.4	-14.8	
- Tax, financial expenses	-2.0	-4.2	-4.1	-3.7	-3.5	-2.5	-2.4	-2.4	-2.4	-2.4	-2.4	
+ 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	-25.2	-32.6	28.9	12.3	-1.3	-0.9	-0.9	-1.0	-1.0	-1.0	-0.8	
Operating cash flow	-9.6	36.0	78.5	90.5	89.0	86.8	88.1	89.4	90.7	88.1	89.4	
+ Change in other long-term liabilities	-4.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-35.4	-44.8	-32.0	-32.0	-32.0	-32.0	-32.0	-32.0	-32.0	-32.0	-33.4	
Free operating cash flow	-49.8	-8.8	46.5	58.5	57.0	54.8	56.1	57.4	58.7	56.1	55.9	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-49.8	-8.8	46.5	58.5	57.0	54.8	56.1	57.4	58.7	56.1	55.9	842
Discounted FCFF		-8.8	42.6	49.2	44.1	39.0	36.6	34.5	32.4	28.5	26.1	393
Sum of FCFF present value		717	726	683	634	590	551	514	480	447	419	393
Enterprise value DCF		717										
- Interesting bearing debt		-417										
+ Cash and cash equivalents		178										
-Minorities		0.0										
-Dividend/capital return		-14.6										
Equity value DCF		463										
Equity value DCF per share		10.9										

Cash flow distribution



Wacc

Tax-% (WACC)	23.0 %
Target debt ratio (D/(D+E))	25.0 %
Cost of debt	4.0 %
Equity Beta	1.30
Market risk premium	4.75%
Liquidity premium	2.00%
Risk free interest rate	2.5 %
Cost of equity	10.7 %
Weighted average cost of capital (WACC)	8.8 %

Source: Inderes

Summary

Income statement	2021	2022e	2023e	Per share data	2021	2022e	2023e
Revenue	843.6	904.0	872.4	EPS (reported)	-0.65	0.41	0.09
EBITDA	33.6	82.1	57.6	EPS (adj.)	1.78	0.79	0.77
EBIT	3.5	42.3	25.6	OCF / share	-0.33	0.84	1.84
PTP	-5.1	28.2	7.6	FCF / share	-1.73	-0.21	1.09
Net Income	-18.8	17.5	3.8	Book value / share	13.57	9.23	8.97
Extraordinary items	-70.2	-16.1	-29.0	Dividend / share	0.36	0.36	0.36
Balance sheet	2021	2022e	2023e	Growth and profitability	2021	2022e	2023e
Balance sheet total	1046.2	982.5	944.0	Revenue growth-%	26%	7%	-3%
Equity capital	390.6	393.5	382.4	EBITDA growth-%	-53%	144%	-30%
Goodwill	369.2	361.7	361.7	EBIT (adj.) growth-%	33%	-21%	-6%
Net debt	239.4	272.7	255.0	EPS (adj.) growth-%	91%	-56%	-2%
Cash flow	2021	2022e	2023e	EBITDA-%	4.0 %	9.1 %	6.6 %
EBITDA	33.6	82.1	57.6	EBIT (adj.)-%	8.7 %	6.5 %	6.3 %
Change in working capital	-25.2	-32.6	28.9	EBIT-%	0.4 %	4.7 %	2.9 %
Operating cash flow	-9.6	36.0	78.5	ROE-%	-4.2 %	4.5 %	1.0 %
CAPEX	-35.4	-44.8	-32.0	ROI-%	0.5 %	5.5 %	3.6 %
Free cash flow	-49.8	-8.8	46.5	Equity ratio	37.3 %	40.0 %	40.5 %
Valuation multiples	2021	2022e	2023e	Gearing	61.3 %	69.3 %	66.7 %
EV/S	1.0	0.7	0.7				
EV/EBITDA (adj.)	7.9	7.3	7.5				
EV/EBIT (adj.)	11.1	11.4	11.8				
P/E (adj.)	8.0	11.7	11.9				
P/B	1.5	1.0	1.0				
Dividend-%	2.5 %	3.8 %	3.8 %				

Source: Inderes

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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
05-01-22	Accumulate	16.00 €	14.80 €
04-03-22	Accumulate	12.50 €	10.90 €
13-04-22	Accumulate	13.00 €	12.00 €
13-05-22	Buy	13.00 €	10.35 €
12-08-22	Buy	13.00 €	11.00 €
09-11-22	Buy	12.00 €	10.00 €
11-11-22	Buy	12.00 €	9.00 €
09-12-22	Accumulate	10.00 €	9.20 €



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