

# Sitowise

## Company report

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This report is a summary translation of the report “Markkinan pirstyminen antaa odottaa” published on 7/15/2024 at 6:43 pm EEST.

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# Market recovery is yet to come

In our opinion, the market situation for Sitowise did not develop favorably in the first half of the year, which is why we lowered our forecasts before the Q2 results. 2024 is still expected to be a very challenging year for the Buildings business, and there is now more uncertainty about the performance of other businesses. As the market recovers and Sitowise's billing rates improve, there is a strong base for earnings growth, but given the forecast cuts, we believe expected returns remain weak in the near term. We lower our target price to EUR 2.90 (was EUR 3.20) and our recommendation to Reduce (previously Accumulate).

## The market situation has not yet picked up significantly

The market situation in Sitowise's Buildings business has been weak for a long time, but an upturn is expected for the rest of the year. However, our current assessment is that the recovery in H2 will be weaker than previously expected and will weaken Sitowise's prospects in terms of both revenues and earnings. In addition, Infrastructure and Digital Solutions, which have grown strongly in the past, are facing stronger comparison figures now that the market has stabilized after growth in both areas. For Digital Solutions, we think the market is even a little bit challenging, especially on the private side. The slightly weaker market situation in Sweden combined with Sitowise's sales efforts and growth challenges are also currently weighing on billing rates.

## Operational forecasts down by around 10%

Due to the continued market weakness, we have slightly reduced our revenue forecasts. Taking into account Sitowise's business model and the cost cutting measures already implemented, our EBIT forecasts have been reduced by approximately 10%. In 2024, Sitowise expects a slight decrease in revenue (2023: 211 MEUR) and an adjusted EBITA margin at or above the 2023 level (2023: 8.1%). Our updated estimates expect revenue to decrease by 5% to 201 MEUR and adjusted EBITA to decrease to 15 MEUR (2023: 17 MEUR). We forecast the margin to fall to 7.5%, below the guidance. We believe the risk of lowering guidance is increased if the market does not show signs of a rapid recovery. As the market eventually turns and billing rates rise, we expect earnings levels to improve in 2025-26. We estimate that current profitability is below Sitowise's potential profit level (EBITA%: +10%) but reaching this level will require success in Sweden and stronger traction in the Finnish market. Risks to the improvement include continued market weakness, growth challenges in the businesses, failure to integrate acquisitions and continued intense competition.

## Potential waiting to be realized

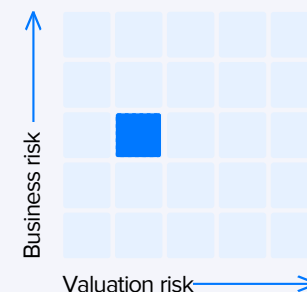
Sitowise's valuation in 2024 rises to a challenging level due to its weak earnings performance, especially relative to net income (EV/EBITDA: 8x, P/E: 20x). If the profitability turnaround and market recovery materialize, the multiples for the coming years will come down (2025e: EV/EBITDA: 7x, P/E: 11x), reflecting the company's potential. However, uncertainty about the pace of the market recovery keeps forecast risks elevated, and longer-term odds cannot be fully relied upon. Based on 2024-2025 forecasts and the midpoint of our valuation range (EV/EBITDA: 7x, P/E: 14x), the stock would have little to no upside. Even the dividend yield does not support the expected return in the short term. Sitowise is trading at a small discount to its peers (10%), but this does not signal significant upside either. The DCF is higher than the share price (EUR 3.9), but the current lack of earnings growth and weak market performance undermine its relevance.

## Recommendation

**Reduce**  
(previous Accumulate)

**EUR 2.90**  
(previous EUR 3.20)

**Share price:**  
2.77



## Key figures

	2023	2024e	2025e	2026e
<b>Revenue</b>	210.9	200.7	210.2	223.7
<b>growth-%</b>	3%	-5%	5%	6%
<b>EBITA adj.</b>	17.0	15.0	18.0	21.3
<b>EBITA-% adj.</b>	8.1 %	7.5 %	8.6 %	9.5 %
<b>Net income</b>	5.6	4.6	8.8	12.1
<b>EPS (adj.)</b>	0.21	0.14	0.24	0.34
<b>P/E (adj.)</b>	15.2	20.2	11.3	8.2
<b>P/B</b>	0.9	0.8	0.8	0.7
<b>Dividend yield-%</b>	0.0 %	2.2 %	3.6 %	5.1 %
<b>EV/EBIT (adj.)</b>	14.5	16.1	11.0	8.2
<b>EV/EBITDA</b>	8.2	7.9	6.6	5.5
<b>EV/S</b>	0.9	0.9	0.8	0.7

Source: Inderes

## Guidance (Unchanged)

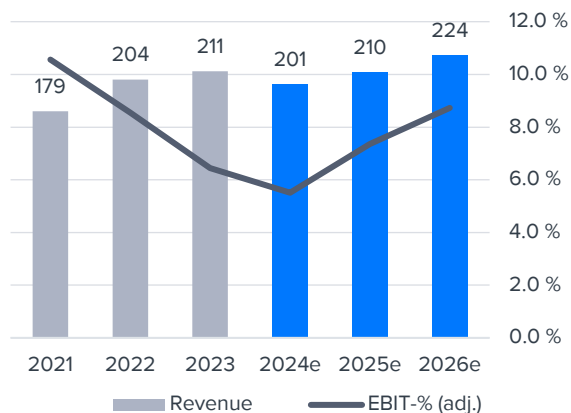
Sitowise Group's revenue is expected to slightly decline in 2024, driven by the Buildings business decline (2023: 211 MEUR). Adjusted EBITA margin (%) is expected to be at or above the 2023 level (2023: 8.1%).

## Share price



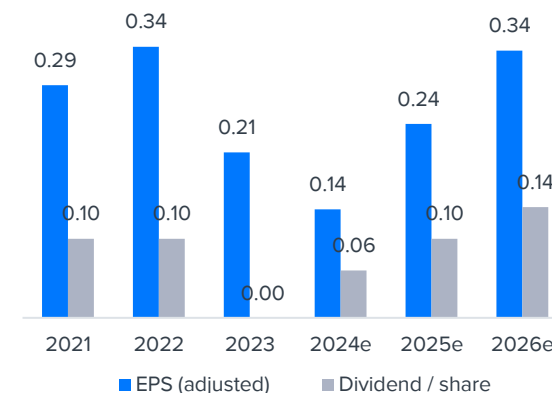
Source: Millstream Market Data AB

## Revenue and EBIT-%



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- Stronger organic growth than market growth and acquisitions
- Maintaining best-in-class 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
- A clear and prolonged market downturn 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
- Leverage and growth financing

Valuation	2024e	2025e	2026e
Share price	2.77	2.77	2.77
Number of shares, millions	35.8	35.8	35.8
Market cap	99	99	99
EV	178	170	160
P/E (adj.)	20.2	11.3	8.2
P/B	0.8	0.8	0.7
EV/Sales	0.9	0.8	0.7
EV/EBITDA	7.9	6.6	5.5
EV/EBIT (adj.)	16.1	11.0	8.2
Payout ratio (%)	46.9 %	40.8 %	41.5 %
Dividend yield-%	2.2 %	3.6 %	5.1 %

Source: Inderes

# Estimate revisions

## Estimate revisions 2024e-2026e

- We lowered our forecasts due to continued market weakness
- In particular, the recovery in the market for Buildings will remain weak in H2, contrary to earlier expectations
- The Swedish and Digital Solutions market is also more challenging than in recent years
- Billing rates are also suffering from a weak market, which is heavily reflected in the profitability
- We also increased financing cost estimates, which is reflected in the lower-row forecasts
- We have included the business unit forecasts in the table (see next page).

## Operational earnings drivers 2024-2026e:

- Market rebound from years of gloom
- Increased billable utilization
- Improved earnings leverage through growth and business model
- Rise to normal performance levels
- Market acquisition opportunities in a fragmented sector

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	203	201	-1%	213	210	-1%	226	224	-1%
EBITDA	24.1	22.7	-6%	28.0	25.6	-9%	30.7	29.0	-6%
EBITA (oik.)	16.4	15.0	-9%	20.4	18.0	-12%	23.0	21.3	-7%
EBITA	16.1	14.6	-9%	20.4	18.0	-12%	23.0	21.3	-7%
PTP	7.4	5.7	-23%	14.0	11.1	-21%	17.4	15.3	-12%
EPS (excl. NRIs)	0.17	0.14	-21%	0.31	0.24	-21%	0.38	0.34	-12%
DPS	0.06	0.06	0%	0.10	0.10	0%	0.14	0.14	0%

# Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
<b>Revenue</b>	<b>204.4</b>	<b>56.0</b>	<b>56.5</b>	<b>45.6</b>	<b>52.8</b>	<b>210.9</b>	<b>51.5</b>	<b>52.1</b>	<b>44.3</b>	<b>52.8</b>	<b>200.7</b>	<b>210.2</b>	<b>223.7</b>	<b>231.2</b>
Infrastructure	60.0	15.8	17.8	14.5	17.5	65.6	17.0	18.3	14.6	17.5	67.5	69.5	70.9	73.0
Buildings	79.4	19.9	19.1	15.8	16.1	70.9	16.1	15.9	15.0	15.8	62.7	65.3	71.8	73.9
Digital Solutions	22.1	8.0	7.7	6.7	7.6	30.0	7.0	6.9	6.4	7.7	28.0	30.8	33.3	34.6
Sweden	42.9	12.4	11.9	8.6	11.6	44.5	11.4	10.9	8.3	11.8	42.4	44.6	47.7	49.6
<b>EBITDA</b>	<b>23.8</b>	<b>8.5</b>	<b>6.4</b>	<b>5.2</b>	<b>3.2</b>	<b>23.2</b>	<b>5.1</b>	<b>6.0</b>	<b>5.7</b>	<b>5.9</b>	<b>22.7</b>	<b>25.6</b>	<b>29.0</b>	<b>29.7</b>
Depreciation	-10.6	-3.0	-2.8	-2.9	-2.8	-11.5	-3.1	-3.0	-2.9	-2.9	-11.9	-10.1	-9.5	-9.0
<b>EBITA (adj.)</b>	<b>20.4</b>	<b>6.6</b>	<b>4.5</b>	<b>3.5</b>	<b>2.4</b>	<b>17.0</b>	<b>3.4</b>	<b>4.0</b>	<b>3.7</b>	<b>3.9</b>	<b>15.0</b>	<b>18.0</b>	<b>21.3</b>	<b>21.9</b>
<b>EBITA</b>	<b>16.1</b>	<b>6.2</b>	<b>4.4</b>	<b>3.3</b>	<b>1.3</b>	<b>15.1</b>	<b>3.1</b>	<b>4.0</b>	<b>3.7</b>	<b>3.9</b>	<b>14.6</b>	<b>18.0</b>	<b>21.3</b>	<b>21.9</b>
<b>EBIT</b>	<b>13.2</b>	<b>5.5</b>	<b>3.6</b>	<b>2.3</b>	<b>0.3</b>	<b>11.7</b>	<b>2.0</b>	<b>3.0</b>	<b>2.8</b>	<b>3.0</b>	<b>10.7</b>	<b>15.5</b>	<b>19.5</b>	<b>20.7</b>
Net financial items	-2.9	-1.1	-0.9	-1.2	-1.3	-4.6	-1.2	-1.1	-1.3	-1.4	-5.0	-4.4	-4.3	-4.1
<b>PTP</b>	<b>10.3</b>	<b>4.4</b>	<b>2.7</b>	<b>1.0</b>	<b>-1.0</b>	<b>7.1</b>	<b>0.7</b>	<b>1.9</b>	<b>1.5</b>	<b>1.6</b>	<b>5.7</b>	<b>11.1</b>	<b>15.3</b>	<b>16.6</b>
Taxes	-2.4	-0.9	-0.6	-0.3	0.1	-1.6	-0.2	-0.4	-0.3	-0.3	-1.2	-2.3	-3.1	-3.4
Minority interest	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1
<b>Net earnings</b>	<b>7.8</b>	<b>3.5</b>	<b>2.2</b>	<b>0.8</b>	<b>-0.9</b>	<b>5.6</b>	<b>0.6</b>	<b>1.5</b>	<b>1.2</b>	<b>1.3</b>	<b>4.6</b>	<b>8.8</b>	<b>12.1</b>	<b>13.1</b>
<b>EPS (adj.)</b>	<b>0.34</b>	<b>0.11</b>	<b>0.06</b>	<b>0.03</b>	<b>0.01</b>	<b>0.21</b>	<b>0.03</b>	<b>0.04</b>	<b>0.03</b>	<b>0.04</b>	<b>0.14</b>	<b>0.24</b>	<b>0.34</b>	<b>0.37</b>
<b>EPS (rep.)</b>	<b>0.22</b>	<b>0.10</b>	<b>0.06</b>	<b>0.02</b>	<b>-0.02</b>	<b>0.16</b>	<b>0.02</b>	<b>0.04</b>	<b>0.03</b>	<b>0.04</b>	<b>0.13</b>	<b>0.24</b>	<b>0.34</b>	<b>0.37</b>
<b>Key figures</b>	<b>2022</b>	<b>Q1'23</b>	<b>Q2'23</b>	<b>Q3'23</b>	<b>Q4'23</b>	<b>2023</b>	<b>Q1'24</b>	<b>Q2'24e</b>	<b>Q3'24e</b>	<b>Q4'24e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>
<b>Revenue growth-%</b>	14.0 %	13.9 %	9.2 %	-0.7 %	-8.3 %	3.2 %	-8.0 %	-7.8 %	-2.8 %	0.0 %	-4.8 %	4.7 %	6.4 %	3.4 %
<b>Adjusted EBITA growth-%</b>		40.7 %	-24.0 %	-29.6 %	-57.0 %	-16.6 %	-49.0 %	-11.6 %	6.9 %	62.2 %	-12.0 %	20.3 %	18.3 %	3.0 %
<b>EBITDA-%</b>	11.6 %	15.1 %	11.3 %	11.4 %	6.0 %	11.0 %	9.9 %	11.5 %	12.8 %	11.2 %	11.3 %	12.2 %	13.0 %	12.9 %
<b>Adjusted EBITA-%</b>	10.0 %	11.8 %	8.0 %	7.6 %	4.6 %	8.1 %	6.6 %	7.7 %	8.3 %	7.4 %	7.5 %	8.6 %	9.5 %	9.5 %

# Potential waiting to be realized

## Valuation this year challenging, but there is potential

Sitowise's valuation in 2024 rises to a challenging level due to its weak earnings performance, especially relative to net income (EV/EBITDA: 8x, P/E: 20x). If the profitability turnaround and market recovery materialize, the multiples for the coming years will come down (2025e: EV/EBITDA: 7x, P/E: 11x), reflecting the company's potential. However, uncertainty about the pace of the market recovery keeps forecast risks elevated, and longer-term odds cannot be fully relied upon. Based on 2024-2025 forecasts and the midpoint of our valuation range (EV/EBITDA: 8x, P/E: 14x), the stock would have little to no upside (EUR 2.9). Even the dividend yield does not support the expected return in the short term.

We estimate that the acceptable range of multiples for Sitowise's P/E is around 12-16x and EV/EBITDA 7-9x. In the longer term, as performance levels normalize, we would use the lower to middle part of the range. As an example of the potential, applying a 12-14x P/E multiple to our 2026 EPS forecast would imply a share price of EUR 4.0-4.8. In the medium term, the stock has considerable upside potential if the company succeeds in improving profitability.

## Peer group valuation

Compared to the peer group, Sitowise is also priced at a small discount. For 2024-2025, the median valuations of peers (P/E: 17x, EV/EBITDA: 9x) are already reasonably challenging. However, Sitowise is currently valued around 10% below the peers. We believe it is justified to price Sitowise at least on par with the peer group due to the combination of historical profitability and future growth potential. However, due to the challenging valuation of the peer

group and the uncertainty of peer forecasts, we rely on peers with little weight in our valuation.

## DCF valuation

We also use DCF in the valuation. The value indicated by the DCF (EUR 3.9) is higher than the current share price and our target price.

In our model, the company's revenue growth stabilizes at 1% in the terminal period after stronger medium-term growth, and the EBIT margin is 9.0% of revenue. This level is well below the company's targets (adjusted EBITA% >12%), but the track record currently supports a much more cautious approach to long-term profitability.

The average cost of capital (WACC) used is 8.6% and the cost of equity is 10.1%. In our opinion, the level of the required return is relatively low, although we have raised it from its lowest levels as interest rate expectations have changed and the company's risk level has increased.

Valuation	2024e	2025e	2026e
Share price	2.77	2.77	2.77
Number of shares, millions	35.8	35.8	35.8
Market cap	99	99	99
EV	178	170	160
P/E (adj.)	20.2	11.3	8.2
P/B	0.8	0.8	0.7
EV/Sales	0.9	0.8	0.7
EV/EBITDA	7.9	6.6	5.5
EV/EBIT (adj.)	16.1	11.0	8.2
Payout ratio (%)	46.9 %	40.8 %	41.5 %
Dividend yield-%	2.2 %	3.6 %	5.1 %

Source: Inderes

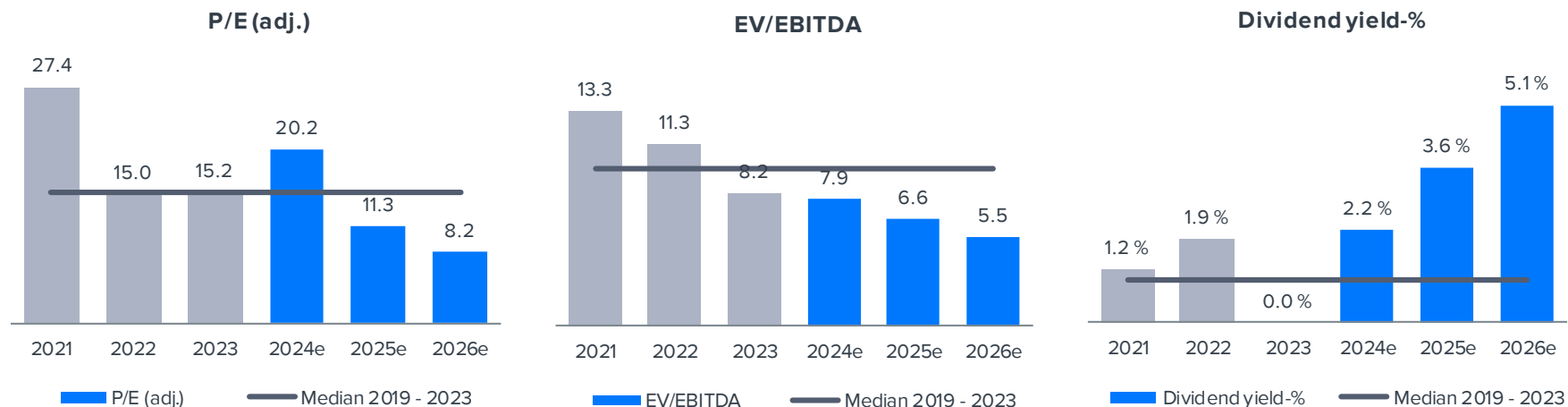
## Target price breakdown



# Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price			8.05	5.14	3.18	<b>2.77</b>	<b>2.77</b>	<b>2.77</b>	<b>2.77</b>
Number of shares, millions			35.4	35.5	35.6	<b>35.8</b>	<b>35.8</b>	<b>35.8</b>	<b>35.8</b>
Market cap			285	182	113	<b>99</b>	<b>99</b>	<b>99</b>	<b>99</b>
EV			345	268	197	<b>178</b>	<b>170</b>	<b>160</b>	<b>151</b>
P/E (adj.)			27.4	15.0	15.2	<b>20.2</b>	<b>11.3</b>	<b>8.2</b>	<b>7.6</b>
P/B			2.5	1.6	0.9	<b>0.8</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>
EV/Sales			1.9	1.3	0.9	<b>0.9</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>
EV/EBITDA			13.3	11.3	8.2	<b>7.9</b>	<b>6.6</b>	<b>5.5</b>	<b>5.1</b>
EV/EBIT (adj.)			18.2	15.4	14.5	<b>16.1</b>	<b>11.0</b>	<b>8.2</b>	<b>7.3</b>
Payout ratio (%)			45.2 %	45.2 %	0.0 %	<b>46.9 %</b>	<b>40.8 %</b>	<b>41.5 %</b>	<b>51.9 %</b>
Dividend yield-%			1.2 %	1.9 %	0.0 %	<b>2.2 %</b>	<b>3.6 %</b>	<b>5.1 %</b>	<b>6.9 %</b>

Source: Inderes



# Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Sweco AB	4972	5513	24.8	21.1	18.1	15.6	2.2	2.1	30.6	26.0	1.7	2.0	5.3
Afry AB	2013	2599	17.3	14.7	11.0	10.0	1.1	1.1	19.2	17.1	2.9	3.1	1.8
Rejlers AB	301	351	15.0	12.8	9.0	8.0	1.0	0.9	17.8	14.8	2.7	3.3	1.9
Solwers Oyj	48	65	13.4	11.9	8.2	6.8	1.0	0.8	15.1	13.2	1.3	2.0	0.9
Etteplan Oyj	328	400	15.2	13.3	8.8	7.9	1.1	1.0	17.0	14.6	2.6	3.1	2.8
Norconsult ASA	885	941	14.7	14.4	9.2	8.9	1.2	1.2	17.1	16.5	2.8	3.8	5.2
<b>Sitowise (Inderes)</b>	<b>99</b>	<b>178</b>	<b>16.1</b>	<b>11.0</b>	<b>7.9</b>	<b>6.6</b>	<b>0.9</b>	<b>0.8</b>	<b>20.2</b>	<b>11.3</b>	<b>2.2</b>	<b>3.6</b>	<b>0.8</b>
<b>Average</b>			<b>16.7</b>	<b>14.7</b>	<b>10.7</b>	<b>9.6</b>	<b>1.3</b>	<b>1.2</b>	<b>19.5</b>	<b>17.0</b>	<b>2.4</b>	<b>2.9</b>	<b>3.0</b>
<b>Median</b>			<b>15.1</b>	<b>13.9</b>	<b>9.1</b>	<b>8.5</b>	<b>1.1</b>	<b>1.1</b>	<b>17.4</b>	<b>15.6</b>	<b>2.7</b>	<b>3.1</b>	<b>2.4</b>
<b>Diff-% to median</b>			<b>7%</b>	<b>-21%</b>	<b>-14%</b>	<b>-22%</b>	<b>-20%</b>	<b>-24%</b>	<b>16%</b>	<b>-28%</b>	<b>-19%</b>	<b>17%</b>	<b>-66%</b>

Source: Refinitiv / Inderes



# Balance sheet

Assets	2022	2023	2024e	2025e	2026e
<b>Non-current assets</b>	<b>202</b>	<b>202</b>	<b>199</b>	<b>197</b>	<b>195</b>
Goodwill	158	158	159	159	159
Intangible assets	10.2	11.9	8.5	5.9	4.1
Tangible assets	31.8	29.3	29.3	29.7	29.9
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	1.9	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	0.9	0.7	0.7	0.7	0.7
<b>Current assets</b>	<b>78.3</b>	<b>76.6</b>	<b>69.9</b>	<b>76.1</b>	<b>89.6</b>
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	1.3	1.8	1.8	1.8	1.8
Receivables	61.6	59.2	56.3	58.9	62.7
Cash and equivalents	15.4	15.6	11.8	15.3	25.1
<b>Balance sheet total</b>	<b>281</b>	<b>278</b>	<b>269</b>	<b>273</b>	<b>285</b>

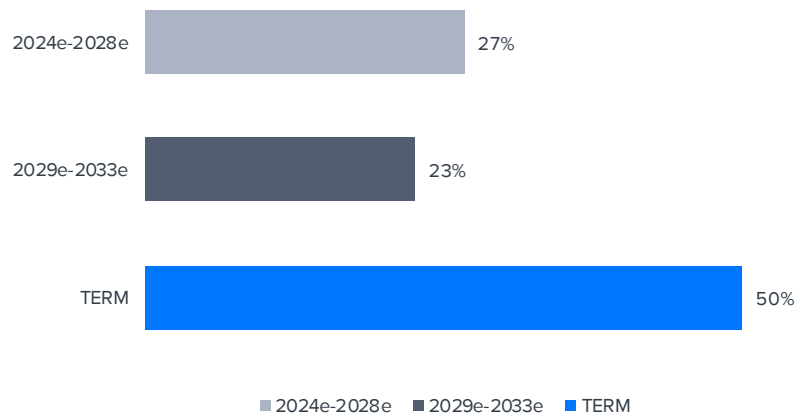
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
<b>Equity</b>	<b>117</b>	<b>120</b>	<b>125</b>	<b>131</b>	<b>140</b>
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	23.4	25.8	30.3	37.0	45.5
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.3	0.3	0.3	0.3	0.3
Other equity	92.8	93.2	93.2	93.2	93.2
Minorities	0.3	0.3	0.8	0.8	0.8
<b>Non-current liabilities</b>	<b>94.6</b>	<b>92.0</b>	<b>86.5</b>	<b>81.5</b>	<b>81.5</b>
Deferred tax liabilities	1.6	1.5	1.5	1.5	1.5
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	93.0	90.5	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>69.2</b>	<b>66.9</b>	<b>57.6</b>	<b>60.0</b>	<b>63.5</b>
Interest bearing debt	7.9	8.2	5.0	5.0	5.0
Payables	59.6	58.3	52.2	54.6	58.2
Other current liabilities	1.6	0.4	0.4	0.4	0.4
<b>Balance sheet total</b>	<b>281</b>	<b>278</b>	<b>269</b>	<b>273</b>	<b>285</b>

# DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	3.2 %	-4.8 %	4.7 %	6.4 %	3.4 %	3.0 %	2.5 %	2.0 %	1.0 %	1.0 %	1.0 %	1.0 %
EBIT-%	5.5 %	5.3 %	7.4 %	8.7 %	9.0 %	10.0 %	9.7 %	9.5 %	9.2 %	9.0 %	9.0 %	9.0 %
<b>EBIT (operating profit)</b>	<b>11.7</b>	<b>10.7</b>	<b>15.5</b>	<b>19.5</b>	<b>20.7</b>	<b>23.8</b>	<b>23.7</b>	<b>23.6</b>	<b>23.1</b>	<b>23.0</b>	<b>23.2</b>	
+ Depreciation	11.5	11.9	10.1	9.5	9.0	8.7	8.5	8.3	8.2	8.2	8.1	
- Paid taxes	-1.5	-1.2	-2.3	-3.1	-3.4	-4.1	-4.0	-4.0	-3.9	-3.9	-3.9	
- Tax, financial expenses	-1.0	-1.0	-0.9	-0.9	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	
+ 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	-0.7	-3.3	-0.2	-0.3	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	
<b>Operating cash flow</b>	<b>20.1</b>	<b>17.2</b>	<b>22.3</b>	<b>24.7</b>	<b>25.3</b>	<b>27.5</b>	<b>27.2</b>	<b>27.1</b>	<b>26.6</b>	<b>26.4</b>	<b>26.5</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	-11.1	-9.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.1	
<b>Free operating cash flow</b>	<b>9.0</b>	<b>8.2</b>	<b>14.3</b>	<b>16.7</b>	<b>17.3</b>	<b>19.5</b>	<b>19.2</b>	<b>19.1</b>	<b>18.6</b>	<b>18.4</b>	<b>18.4</b>	
+/- Other	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	9.0	7.7	14.3	16.7	17.3	19.5	19.2	19.1	18.6	18.4	18.4	245
<b>Discounted FCFF</b>		<b>7.4</b>	<b>12.6</b>	<b>13.7</b>	<b>13.0</b>	<b>13.5</b>	<b>12.2</b>	<b>11.2</b>	<b>10.0</b>	<b>9.1</b>	<b>8.4</b>	<b>112</b>
Sum of FCFF present value		223	216	203	190	177	163	151	140	130	121	112
<b>Enterprise value DCF</b>		<b>223</b>										
- Interest bearing debt		-98.7										
+ Cash and cash equivalents		15.6										
-Minorities		-0.6										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>140</b>										
<b>Equity value DCF per share</b>		<b>3.9</b>										

## Cash flow distribution

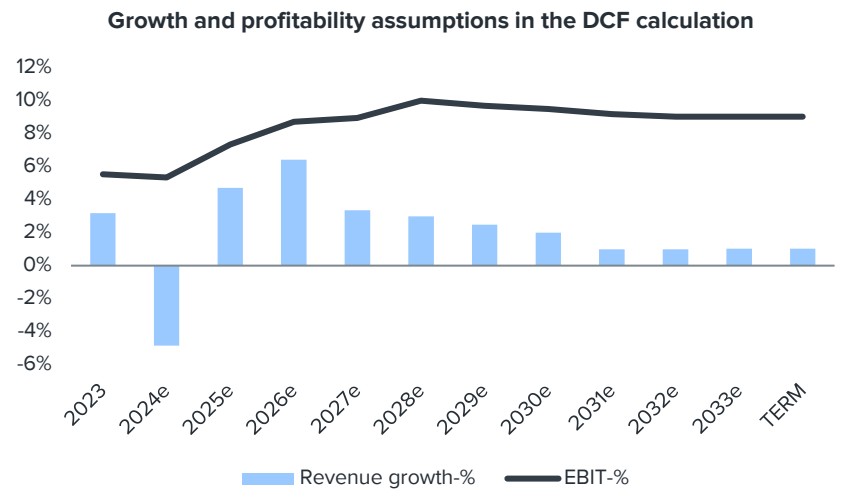
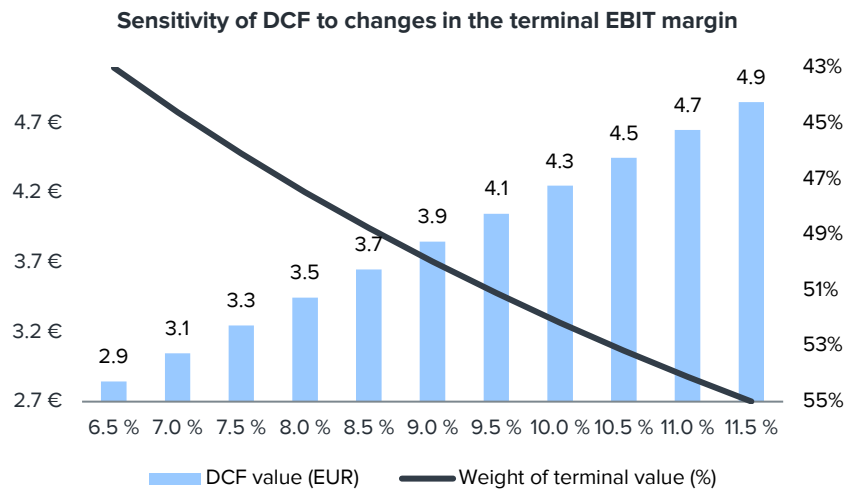
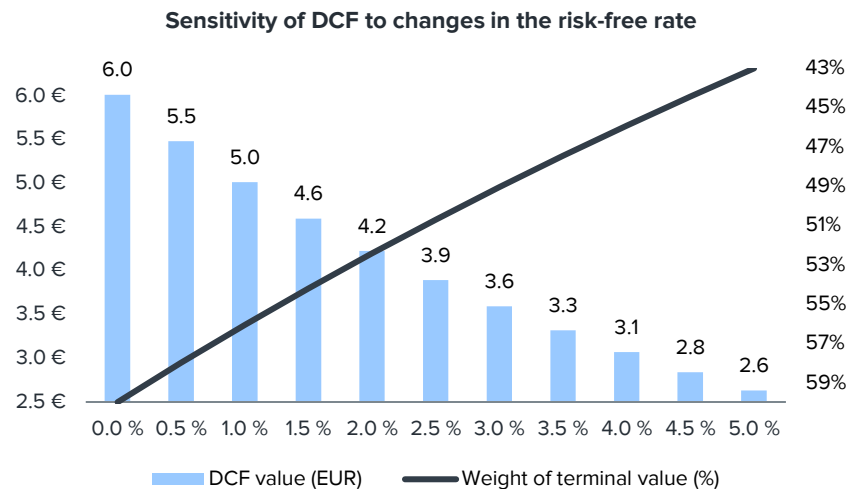
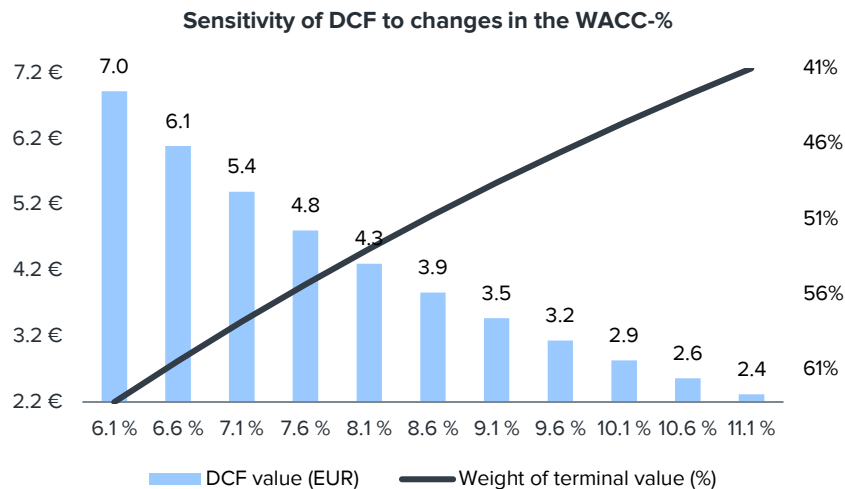


## WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	23.0 %
Cost of debt	4.5 %
Equity Beta	1.35
Market risk premium	4.75%
Liquidity premium	1.20%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>10.1 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.6 %</b>

Source: Inderes

# DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

# Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	179.3	204.4	210.9	<b>200.7</b>	<b>210.2</b>	EPS (reported)	0.22	0.22	0.16	<b>0.13</b>	<b>0.24</b>
EBITDA	25.8	23.8	23.2	<b>22.7</b>	<b>25.6</b>	EPS (adj.)	0.29	0.34	0.21	<b>0.14</b>	<b>0.24</b>
EBIT	16.4	13.2	11.7	<b>10.7</b>	<b>15.5</b>	OCF / share	0.50	0.50	0.56	<b>0.48</b>	<b>0.62</b>
PTP	10.3	10.3	7.1	<b>5.7</b>	<b>11.1</b>	FCF / share	-0.23	-0.51	0.25	<b>0.21</b>	<b>0.40</b>
Net Income	7.8	7.8	5.6	<b>4.6</b>	<b>8.8</b>	Book value / share	3.24	3.29	3.35	<b>3.46</b>	<b>3.64</b>
Extraordinary items	-2.6	-4.3	-1.9	<b>-0.3</b>	<b>0.0</b>	Dividend / share	0.10	0.10	0.00	<b>0.06</b>	<b>0.10</b>
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	249.8	280.7	278.4	<b>268.7</b>	<b>272.8</b>	Revenue growth-%	12%	14%	3%	<b>-5%</b>	<b>5%</b>
Equity capital	114.9	116.9	119.6	<b>124.6</b>	<b>131.3</b>	EBITDA growth-%	-2%	-8%	-2%	<b>-2%</b>	<b>13%</b>
Goodwill	135.2	157.6	158.0	<b>158.5</b>	<b>158.5</b>	EBIT (adj.) growth-%	10%	-8%	-22%	<b>-19%</b>	<b>40%</b>
Net debt	59.3	85.6	83.1	<b>78.2</b>	<b>69.7</b>	EPS (adj.) growth-%	-10%	16%	-39%	<b>-34%</b>	<b>79%</b>
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	14.4 %	11.6 %	11.0 %	<b>11.3 %</b>	<b>12.2 %</b>
EBITDA	25.8	23.8	23.2	<b>22.7</b>	<b>25.6</b>	EBIT (adj.)-%	10.6 %	8.5 %	6.4 %	<b>5.5 %</b>	<b>7.4 %</b>
Change in working capital	-3.2	-3.0	-0.7	<b>-3.3</b>	<b>-0.2</b>	EBIT-%	9.1 %	6.4 %	5.5 %	<b>5.3 %</b>	<b>7.4 %</b>
Operating cash flow	17.7	17.9	20.1	<b>17.2</b>	<b>22.3</b>	ROE-%	8.6 %	6.8 %	4.7 %	<b>3.8 %</b>	<b>6.9 %</b>
CAPEX	-25.8	-36.1	-11.1	<b>-9.0</b>	<b>-8.0</b>	ROI-%	9.0 %	6.4 %	5.4 %	<b>5.0 %</b>	<b>7.2 %</b>
Free cash flow	-8.2	-18.2	9.0	<b>7.7</b>	<b>14.3</b>	Equity ratio	46.0 %	41.6 %	42.9 %	<b>46.4 %</b>	<b>48.1 %</b>
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	51.6 %	73.2 %	69.5 %	<b>62.8 %</b>	<b>53.1 %</b>
EV/S	1.9	1.3	0.9	<b>0.9</b>	<b>0.8</b>						
EV/EBITDA	13.3	11.3	8.2	<b>7.9</b>	<b>6.6</b>						
EV/EBIT (adj.)	18.2	15.4	14.5	<b>16.1</b>	<b>11.0</b>						
P/E (adj.)	27.4	15.0	15.2	<b>20.2</b>	<b>11.3</b>						
P/B	2.5	1.6	0.9	<b>0.8</b>	<b>0.8</b>						
Dividend-%	1.2 %	1.9 %	0.0 %	<b>2.2 %</b>	<b>3.6 %</b>						

Source: Inderes

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Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
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Date	Recommendation	Target	Share price
3/29/2021	Reduce	8.60 €	8.50 €
5/20/2021	Accumulate	9.30 €	8.78 €
8/26/2021	Accumulate	9.30 €	8.27 €
11/11/2021	Accumulate	9.30 €	8.33 €
3/3/2022	Accumulate	7.60 €	6.50 €
5/4/2022	Accumulate	7.20 €	6.05 €
5/19/2022	Buy	7.20 €	5.74 €
8/18/2022	Accumulate	6.50 €	5.50 €
10/27/2022	Buy	5.50 €	3.90 €
11/2/2022	Buy	5.50 €	4.15 €
11/29/2022	Accumulate	5.50 €	4.75 €
3/1/2023	Accumulate	5.40 €	4.89 €
5/10/2023	Accumulate	5.10 €	4.40 €
8/17/2023	Buy	5.00 €	4.00 €
9/5/2023	Buy	5.00 €	3.99 €
10/20/2023	Accumulate	4.00 €	3.38 €
11/3/2023	Accumulate	3.30 €	2.88 €
2/28/2024	Accumulate	3.00 €	2.65 €
5/10/2024	Accumulate	3.20 €	2.88 €
7/15/2024	Reduce	2.90 €	2.80 €



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