

Taaleri

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Arvoa riittää kärsivälliselle sijoittajalle” published on 11/5/2024 at 8.00 pm EET.

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Value for the patient investor

Taaleri's Q3 results exceeded our expectations, with better-than-forecast performance in all segments. The biggest beat was seen in Garantia, whose investment portfolio return exceeded our forecasts by a very wide margin. Our projections for the coming years have been boosted mainly by non-recurring income, as our fund sales projections have been reduced due to the still sluggish fundraising market. However, the stock is attractively priced and we reiterate our Accumulate recommendation with a target price of EUR 9.5.

Q3 result was stronger than expected

Taaleri's Q3 operating profit was well above our forecast, mainly due to investment income from Garantia. Otherwise, the results in the report were broadly in line with our expectations, although the performance across the Group was slightly stronger than we had forecast. EPS exceeded our forecast by an even higher margin than EBIT, as the tax rate remained quite low in Q3. Meanwhile, the fundraising market remains challenging, with Taaleri announcing that it will not launch its planned venture capital fund in the absence of an anchor investor. In addition, the launch of the new real estate fund, planned for the end of the year, has been postponed until the middle of next year. Management's comments suggest that delayed exits from old funds, in particular, continue to dampen investor interest and the ability to make new investment commitments.

One-off returns led to the biggest changes in forecasts

We have raised our earnings forecasts for the next few years mainly due to one-off returns. The increase is mainly explained by the earnings beat in Q3 and the return on the development project portfolio, which was around 3 MEUR higher than our forecasts. On the other hand, our sales forecasts for funds have declined slightly, with a small negative impact on the coming years. The earnings distribution is still strongly focused on performance fees and investment income in our forecasts for the next few years. Garantia continues to develop steadily in our calculations despite the challenging market. The ramp-up of private equity funds continues headed by SolarWind 3, but the result will mainly come from one-off income. The result based on recurring fees remains modest, as growth investments of Other private equity funds depresses profitability. In line with the updated strategy, Taaleri will invest a significant part of its cash flow in the coming years in bioindustry investments, whose actual return potential will not be seen until the end of the decade when the first exits in bio-investments are seen. In our forecasts, profit distribution is limited to the basic dividend (around 60% of the result for the period in the coming years), as investment portfolio growth ties up a lot of capital.

Share price under the SOTP value

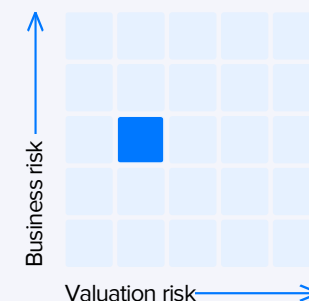
We consider the sum of the parts calculation to be the best method for valuing Taaleri, as it best considers the different profit and risk profiles of the parts. We continue to estimate the total value of Taaleri at around EUR 10 per share. Most of the value is tied up in the insurance company Garantia, while the remainder is spread mainly between Renewable Energy and balance sheet investments. Going forward, Taaleri's value creation will increasingly rely on its own investment activities, so the key for investors will be how successful management is in allocating capital to higher-risk bioindustry investments. Drivers for a higher sum of the parts value would be: 1) success in bio-investments 2) better than expected performance of Private Asset Management or 3) faster-than-expected growth of Garantia.

Recommendation

Accumulate
(was Accumulate)

EUR 9.50
(was EUR 9.50)

Share price:
8.18



Key figures

	2023	2024e	2025e	2026e
Revenue	65.6	69.4	68.7	61.7
growth-%	4%	6%	-1%	-10%
EBIT adj.	31.9	37.2	37.6	29.7
EBIT-% adj.	48.6 %	53.6 %	54.8 %	48.1 %
Net Income	22.9	27.3	27.4	22.3
EPS (adj.)	0.81	0.95	0.93	0.75
P/E (adj.)	11.1	8.6	8.8	10.9
P/B	1.2	1.1	1.1	1.1
Dividend yield-%	11.1 %	6.9 %	7.0 %	5.7 %
EV/EBIT (adj.)	7.3	6.7	5.8	7.7
EV/EBITDA	7.2	6.5	5.7	7.6
EV/S	3.6	3.6	3.2	3.7

Source: Inderes

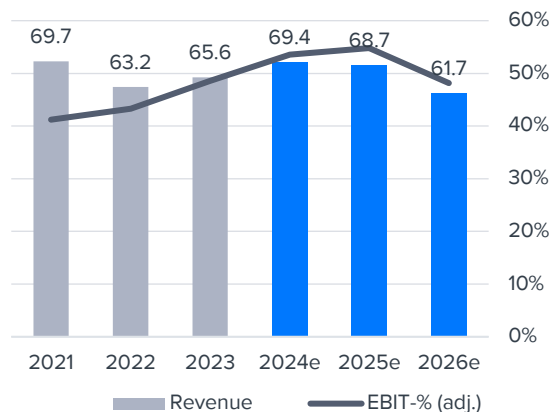
No guidance

Share price



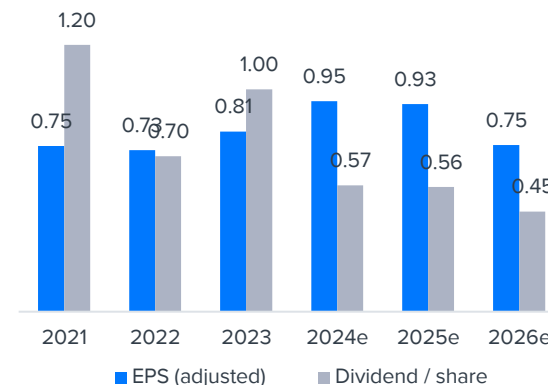
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Scaling of Energy
- Ramping up other Private equity funds
- Garantia's profitable growth
- Balance sheet bioindustry investments
- M&A transactions
- Performance fees for funds



Risk factors

- Success in fund investments
- Success of bioindustry investments
- Success of ramping up other Private equity funds
- Scalability of costs and improving cost-efficiency
- Garantia's guarantee risks

Valuation	2024e	2025e	2026e
Share price	8.18	8.18	8.18
Number of shares, millions	28.8	29.3	29.8
Market cap	235	235	235
EV	248	219	229
P/E (adj.)	8.6	8.8	10.9
P/E	8.6	8.8	10.9
P/B	1.1	1.1	1.1
P/S	3.4	3.4	3.8
EV/Sales	3.6	3.2	3.7
EV/EBITDA	6.5	5.7	7.6
EV/EBIT (adj.)	6.7	5.8	7.7
Payout ratio (%)	60.0 %	60.0 %	60.0 %
Dividend yield-%	6.9 %	7.0 %	5.7 %

Source: Inderes

Q3 result was stronger than expected

Quarterly figures beat our expectations on every front

Taaleri's Q3 EBIT was 14.7 MEUR, well above our forecast of 12.9 MEUR. The beat is mainly explained by the returns on Garantia's investment portfolio. Otherwise, the results in the report were broadly in line with our expectations, although the performance across the Group was slightly stronger than we had forecast. EPS exceeded our forecast by an even higher margin than EBIT, as the tax rate remained quite low in Q3. This is probably due to the fact that the investment income of Garantia is not taxed until the investments are realized.

Profitability of Renewable Energy was at a good level

Renewable Energy's Q3 result was roughly in line with expectations (9.7 MEUR vs. 9.5 MEUR forecast).

There were no surprises in continuing earnings or investment income, but the segment's expense level was slightly lower than expected. The main part of the result consisted of a one-time gain from the sale of the project development portfolio (8.3 MEUR). Even after adjusting for this, Renewable Energy's profitability was strong. Indeed, the launch of the latest SolarWind 3 fund has significantly increased the segment's continuing earnings-driven profitability, which is one of the key drivers of Taaleri's value.

For the SolarWind 3 fund, Taaleri reported that investment commitments had increased by around 40 MEUR to 470 MEUR by the end of October. However, several due diligence studies are ongoing and Taaleri expects the number of commitments to increase during the remainder of the year. Based on initial comments, the next closing of the fund still seems likely later this year.

The cost level was more moderate than we expected

The result of Other Private Asset Management was less negative than expected (-0.5 MEUR vs. -1.7 MEUR forecast). The difference came on the expense side, as the segment's revenue was in line with forecasts.

The better-than-expected result in Other (-0.9 MEUR vs. -1.2 MEUR forecast) was also due to lower expenses.

Estimates MEUR / EUR	Q3'23	Q3'24	Q3'24e	Q3'24e	Consensus		Difference (%)	2024
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	13.5	21.6	20.3				6%	74.5
EBIT (adj.)	5.7	14.7	12.9				14%	42.9
EPS (adj.)	0.16	0.39	0.28				39%	1.01
Revenue growth-%	-50.0 %	60.5 %	50.9 %				9.7 pp	5.8 %
EBIT-% (adj.)	42.7 %	68.1 %	63.5 %				4.5 pp	57.6 %

Source: Inderes

Strong investment income supported Garantia's results

Fund sales still sluggish

There was also negative news when Taaleri announced that he had decided to stop preparing and not launch a new venture capital fund. This seems to have been mainly due to modest demand and the lack of a clear anchor investor. In addition, the launch of the new real estate fund, planned for the end of the year, has been postponed until the middle of next year.

The fundraising market has remained challenging for longer than expected. Management's comments suggest that delayed exits from old funds, in particular, continue to dampen investor interest and the ability to make new investment commitments.

Strong investment income supported Garantia's results

Garantia's insurance revenue remained at the level of the comparison period and were therefore fairly in line with our forecast. As expected, with sluggish demand for mortgage loans continuing to dampen business growth, guaranty insurance portfolio remained at the same level as the previous quarter.

However, the return on the investment portfolio exceeded our forecasts by a wide margin, so Garantia's EBIT in Q3 was much stronger than we expected (6.3 MEUR vs. 5.3 MEUR forecast). Claims increased slightly in the first half of the year, but this was due to a single corporate liability.

Estimates MEUR / EUR	Q3'23	Q3'24	Q3'24e	Q3'24e	Consensus		Difference (%)	2024
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	13.5	21.6	20.3				6%	74.5
EBIT (adj.)	5.7	14.7	12.9				14%	42.9
EPS (adj.)	0.16	0.39	0.28				39%	1.01
Revenue growth-%	-50.0 %	60.5 %	50.9 %				9.7 pp	5.8 %
EBIT-% (adj.)	42.7 %	68.1 %	63.5 %				4.5 pp	57.6 %

Source: Inderes

One-off returns led to the biggest changes in forecasts

Estimate changes:

- The increase in our earnings forecasts for the current year is mainly explained by the earnings beat in Q3 and the development project portfolio earn-out, which was around 3 MEUR higher than forecast.
- At the same time, we have carried over to next year the return on the sale of old wind funds. We previously expected this to occur at the end of 2024, but recent management comments suggest that the exit may be delayed from the original timeline. Our projection for the performance fee is 8 MEUR.
- In Other Private Asset Management, we have lowered our fund sales forecasts due to the continued weakness in the fundraising market. This had a small negative impact on our forecasts for Private Asset Management. For SolarWind 3, we expect the fund to remain below the company's target of 700 MEUR. Our forecast is now at 600 MEUR (was 650 MEUR), which would require additional investment commitments of around 130 MEUR.
- We now expect the first returns on bioindustry investments only from 2026 onwards. Previously, we expected investment income to contribute to profit already from next year onwards. For these, however, we need to look further into the future.

Operational earnings drivers:

- In Renewable Energy, performance based on recurring management fees has taken a clear leap with the latest SolarWind 3 fund. The next level upgrade can be expected in the next solar wind fund, which we expect to see the light of day in 2027. The segment's overall result, on the other hand, is higher than normal in our forecasts for the next few years, as plenty of performance fees will be recognized from selling old wind funds and the project development portfolio.
- The profitability of Other Private Asset Management based on recurring fees remains negative in our forecasts for several years, as frontloaded growth investments weaken profitability. In the next few years, the segment's result is largely depend on investment income.
- Also in the longer term, Taaleri's earnings development is increasingly driven by investment income from bioindustry investments, as the company allocates most of its free cash flow to these assets. The volatility of earnings also increases, as investment income varies based on, e.g., the development of the market situation and the timing of exits.
- Garantia's guarantee insurance business continues to perform steadily in our forecasts as the mortgage market gradually recovers.

Estimate revisions MEUR / EUR	2024	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
	Old	Uusi	%	Old	New	%	Old	New	%
Revenue	66.2	69.4	5%	67.2	68.7	2%	64.1	61.7	-4%
EBIT (exc. NRIs)	34.6	37.2	7%	35.2	37.6	7%	30.4	29.7	-2%
EBIT	34.6	37.2	7%	35.2	37.6	7%	30.4	29.7	-2%
EPS (excl. NRIs)	0.84	0.95	13%	0.82	0.93	14%	0.68	0.75	10%
DPS	0.52	0.57	9%	0.54	0.56	4%	0.44	0.45	2%

Source: Inderes

Taaleri Interim Report Q3'24



Share price under the SOTP value

Sum of the parts as a basis for valuation

Since the profiles of Taaleri's different parts are very different, the sum of the parts serves as the best valuation method. However, we note that based on the latest strategy update, the value of the sum of the parts cannot be assumed to be unwound through various arrangements but must be derived from the cash flows of the businesses.

Our estimate of Taaleri's SOTP value is broadly unchanged at around 285 MEUR, or around EUR 10 per share. The majority of the value is committed to the insurance company Garantia, while the remainder is effectively split between Renewable Energy and the investment assets on the balance sheet. Overall, we believe the stock is attractively priced at the moment.

Share price under the SOTP value

In our calculations, the current value of Taaleri consists of Garantia (170 MEUR), Renewable Energy (90 MEUR), balance sheet investment assets (74 MEUR, including performance fee receivables from old wind funds and investment tax liabilities), net debt (15 MEUR) and group expenses (-65 MEUR). So far, we have not assigned material value to Other Private Asset Management, as the business remains loss-making in our forecasts. This is because the sales outlook has recently deteriorated, pushing the timetable for profitability improvement further into the future.

The current share price is well below the value of our sum-of-the-parts calculation, which we do not believe is justified given the stable performance of the operating segments. However, patience is required to stick with the stock, as the potential of bioindustry investments is not likely to materialize until the end of

the decade. In addition, a significant increase in the level of earnings from ongoing fees in Renewable Energy will require the establishment of the next large fund, as SolarWind 3, which is in the fundraising phase, is not yet projected to lead to the segment's full earnings potential. However, this will not be relevant until the beginning of 2027. Meanwhile, the main drivers of profitability and performance are the development of Garantia, the investment income on the balance sheet and the performance fees on old wind funds.

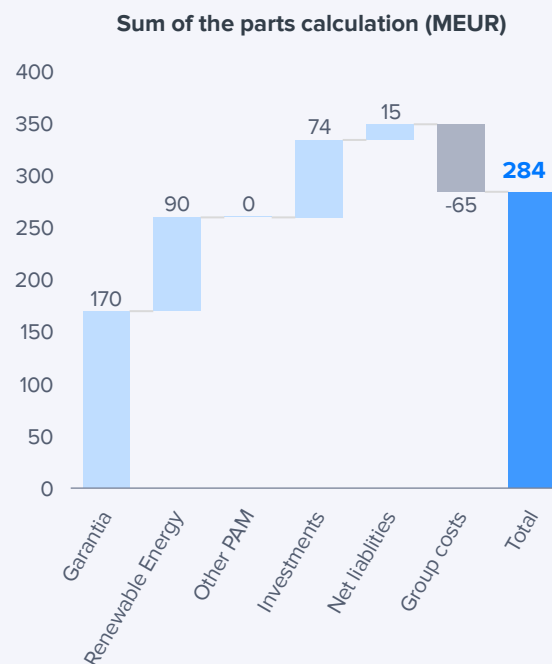
Capital allocation is decisive

With the strategy update, the biggest change took place in the company's investment portfolio, which will become larger and significantly riskier in the coming years as a large part of the balance sheet is allocated to high-risk and high-yield investments in the bioindustry. As a result, Taaleri's business model is more akin to that of an investment company.

The company's investment story increasingly boils down to management's ability to successfully allocate balance sheet investments. We remind investors that Taaleri's track record of capital allocation is actually very good. The key successes we like to highlight are Finsilva, Garantia and Ficolo. In the bioindustry, the company has accumulated significant expertise, and we believe that the timing is optimal, as the market is just emerging. However, investors need to understand that the risk level of bioindustry investment is significantly higher than for Taaleri's current portfolio due to, e.g., their larger size and technology risk. The counterpart is naturally a significantly higher return potential.

Valuation	2024e	2025e	2026e
Share price	8.18	8.18	8.18
Number of shares, millions	28.8	29.3	29.8
Market cap	235	235	235
EV	248	219	229
P/E (adj.)	8.6	8.8	10.9
P/E	8.6	8.8	10.9
P/B	1.1	1.1	1.1
P/S	3.4	3.4	3.8
EV/Sales	3.6	3.2	3.7
EV/EBITDA	6.5	5.7	7.6
EV/EBIT (adj.)	6.7	5.8	7.7
Payout ratio (%)	60.0 %	60.0 %	60.0 %
Dividend yield-%	6.9 %	7.0 %	5.7 %

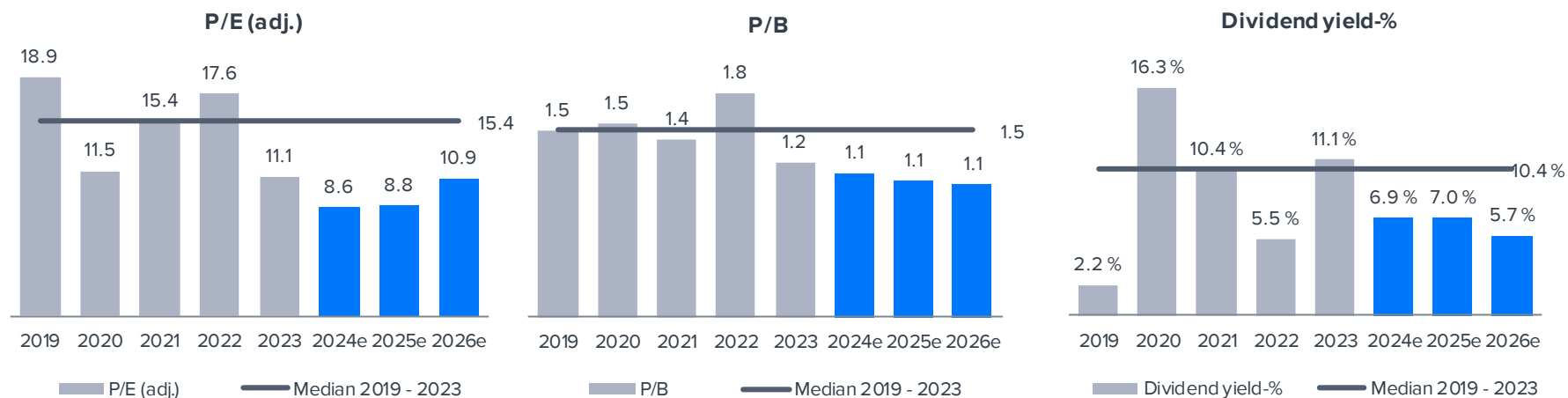
Source: Inderes



Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	7.40	8.12	11.5	12.8	8.99	8.18	8.18	8.18	8.18
Number of shares, millions	28.4	28.4	28.4	28.4	28.3	28.8	29.3	29.8	30.1
Market cap	210	230	326	363	254	235	235	235	235
EV	246	289	308	331	234	248	219	229	218
P/E (adj.)	18.9	11.5	15.4	17.6	11.1	8.6	8.8	10.9	10.0
P/E	18.9	11.5	2.4	17.6	11.1	8.6	8.8	10.9	10.0
P/B	1.5	1.5	1.4	1.8	1.2	1.1	1.1	1.1	1.0
P/S	3.1	2.7	4.7	5.7	3.9	3.4	3.4	3.8	3.5
EV/Sales	3.7	3.3	4.4	5.2	3.6	3.6	3.2	3.7	3.3
EV/EBITDA	12.8	10.7	2.1	11.6	7.2	6.5	5.7	7.6	6.5
EV/EBIT (adj.)	14.9	11.8	10.7	12.1	7.3	6.7	5.8	7.7	6.6
Payout ratio (%)	40.9 %	187.2 %	25.0 %	96.3 %	123.3 %	60.0 %	60.0 %	60.0 %	60.0 %
Dividend yield-%	2.2 %	16.3 %	10.4 %	5.5 %	11.1 %	6.9 %	7.0 %	5.7 %	6.3 %

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
Aktia	677								7.2	7.6	8.9	8.6	1.0
Alexandria	86	85	7.8	7.6	6.5	6.3	1.9	1.7	10.5	11.1	7.3	7.8	2.5
CapMan	319	355	11.0	11.1	4.0	10.6	5.0	5.7	17.0	15.1	7.8	7.7	1.6
Evi	494	500	11.4	11.3	8.0	10.2	4.0	4.6	15.7	14.9	7.6	8.0	3.5
eQ	547	518	14.1	11.4	13.7	11.1	7.6	6.5	18.8	15.5	5.6	6.7	7.2
Titanium	103	89	9.3	9.4	8.7	8.6	4.0	3.9	13.5	13.5	8.2	8.2	6.0
United Bankers	194	175	8.2	8.6	7.3	7.6	2.9	2.8	12.2	13.4	6.1	6.4	3.3
Taaleri (Inderes)	235	248	6.7	5.8	6.5	5.7	3.6	3.2	8.6	8.8	6.9	7.0	1.1
Average			10.3	9.9	8.0	9.1	4.2	4.2	13.6	13.0	7.3	7.6	3.6
Median			10.2	10.2	7.7	9.4	4.0	4.3	13.5	13.5	7.6	7.8	3.3
Diff-% to median			-34%	-43%	-14%	-39%	-10%	-25%	-36%	-35%	-8%	-10%	-65%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue	63.2	10.1	23.8	13.5	18.2	65.6	17.2	12.6	22.2	17.4	69.4	68.7	61.7	66.7
Private Asset Management	42.6	5.2	16.1	8.4	12.7	42.3	6.7	6.4	14.4	12.2	39.8	45.5	38.0	42.4
Garantia	8.1	4.1	5.4	3.9	4.5	17.9	9.3	4.1	6.8	4.5	24.6	20.1	20.6	21.2
Others	12.6	-0.1	4.8	0.8	0.5	6.1	1.1	1.3	0.4	0.8	3.6	3.1	3.1	3.1
EBITDA	28.6	1.7	17.8	5.9	7.0	32.4	9.8	4.6	14.9	8.6	38.0	38.2	30.3	33.7
Depreciation	-1.2	-0.2	-0.1	-0.2	-0.1	-0.5	-0.2	-0.2	-0.2	-0.1	-0.8	-0.5	-0.6	-0.7
EBIT (excl. NRI)	27.4	1.6	17.7	5.7	6.9	31.9	9.6	4.4	14.7	8.5	37.2	37.6	29.7	32.9
EBIT	27.4	1.6	17.7	5.7	6.9	31.9	9.6	4.4	14.7	8.5	37.2	37.6	29.7	32.9
Private Asset Management	16.8	-1.2	8.6	3.5	4.0	14.9	0.5	0.3	9.2	4.8	14.8	20.3	12.4	15.5
Garantia	1.3	3.3	4.6	4.7	4.0	16.5	9.1	4.1	6.3	4.5	23.9	20.1	20.6	21.2
Others	9.3	-0.5	4.6	-2.4	-1.1	0.5	0.0	0.0	-0.9	-0.8	-1.7	-2.8	-3.3	-3.7
Net financial items	-1.0	-0.3	-0.5	-0.2	-0.2	-1.2	-0.2	-0.2	-0.2	-0.2	-0.9	-0.4	-0.3	-0.3
PTP	26.4	1.3	17.2	5.5	6.6	30.7	9.4	4.2	14.5	8.3	36.3	37.2	29.4	32.6
Taxes	-5.1	-0.7	-1.3	-0.6	-1.7	-4.2	-1.9	-0.8	-1.4	-1.7	-5.6	-7.4	-5.9	-6.5
Minority interest	-0.7	-0.1	-2.2	-0.3	-0.9	-3.6	-0.1	-0.3	-2.2	-0.8	-3.4	-2.4	-1.2	-1.4
Net earnings	20.6	0.5	13.8	4.6	4.0	22.9	7.4	3.1	10.9	5.8	27.3	27.4	22.3	24.7
EPS (adj.)	0.73	0.02	0.49	0.16	0.14	0.81	0.26	0.11	0.39	0.20	0.95	0.93	0.75	0.82
EPS (rep.)	0.73	0.02	0.49	0.16	0.14	0.81	0.26	0.11	0.39	0.20	0.95	0.93	0.75	0.82
Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	-9.3 %	41.8 %	100.9 %	-50.0 %	5.3 %	3.8 %	69.1 %	-46.9 %	65.1 %	-4.4 %	5.8 %	-1.1 %	-10.2 %	8.2 %
Adjusted EBIT growth-%	-4.7 %	-341.0 %	634.2 %	-68.9 %	-3.7 %	16.5 %	517.1 %	-75.1 %	155.8 %	23.4 %	16.7 %	1.2 %	-21.1 %	10.9 %
EBITDA-%	45.2 %	16.8 %	74.8 %	43.8 %	38.2 %	49.3 %	57.4 %	36.4 %	67.1 %	49.3 %	54.7 %	55.6 %	49.2 %	50.4 %
Adjusted EBIT-%	43.3 %	15.3 %	74.4 %	42.7 %	37.8 %	48.6 %	56.0 %	34.9 %	66.1 %	48.7 %	53.6 %	54.8 %	48.1 %	49.3 %
Net earnings-%	32.6 %	5.1 %	57.8 %	34.4 %	22.2 %	35.0 %	43.2 %	24.6 %	49.2 %	33.5 %	39.3 %	39.8 %	36.2 %	37.0 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	206	221	238	238	257
Goodwill	0.3	0.3	0.3	0.3	0.3
Intangible assets	0.0	0.2	0.2	0.2	0.2
Tangible assets	0.4	2.4	2.6	3.2	3.6
Associated companies	48.2	51.6	68.6	67.8	86.8
Other investments	154	161	161	161	161
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	3.2	5.1	5.1	5.1	5.1
Current assets	94.8	87.3	64.4	71.2	58.9
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	13.2	17.2	17.2	17.2	17.2
Receivables	34.8	31.8	33.3	17.2	15.4
Cash and equivalents	46.8	38.3	13.9	36.9	26.3
Balance sheet total	301	308	302	309	316

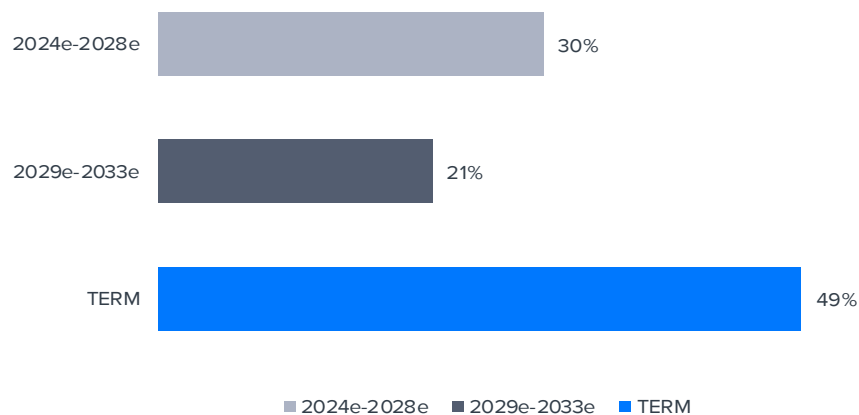
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	203	209	211	224	232
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	184	187	186	197	203
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	18.8	18.8	18.8	18.8	18.8
Other equity	0.0	0.0	0.0	0.0	0.0
Minorities	-0.4	2.5	5.9	8.3	9.5
Non-current liabilities	54.1	53.6	45.6	38.7	38.7
Deferred tax liabilities	17.5	16.5	16.5	16.5	16.5
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	14.9	14.9	6.9	0.0	0.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	21.8	22.2	22.2	22.2	22.2
Current liabilities	44.0	45.6	45.6	45.6	45.6
Interest bearing debt	0.0	0.0	0.0	0.0	0.0
Payables	0.0	0.0	0.0	0.0	0.0
Other current liabilities	44.0	45.6	45.6	45.6	45.6
Balance sheet total	301	308	302	309	316

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	3.8 %	5.8 %	-1.1 %	-10.2 %	8.2 %	3.0 %	3.0 %	3.0 %	3.0 %	2.5 %	2.5 %	2.5 %
EBIT-%	48.6 %	53.6 %	54.8 %	48.1 %	49.3 %	48.0 %	47.0 %	46.0 %	45.0 %	45.0 %	45.0 %	45.0 %
EBIT (operating profit)	31.9	37.2	37.6	29.7	32.9	33.0	33.3	33.5	33.8	34.6	35.5	
+ Depreciation	0.5	0.8	0.5	0.6	0.7	0.8	0.9	1.0	1.0	1.1	1.2	
- Paid taxes	-7.1	-5.6	-7.4	-5.9	-6.5	-6.5	-6.6	-6.6	-6.7	-6.9	-7.1	
- Tax, financial expenses	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	
+ 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	0.6	-1.5	16.2	1.8	-1.3	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	
Operating cash flow	25.8	30.7	46.8	26.1	25.8	26.7	27.0	27.3	27.5	28.3	29.1	
+ Change in other long-term liabilities	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-9.7	-1.0	-1.1	-1.1	-1.2	-1.2	-1.3	-1.3	-1.4	-1.4	-1.4	
Free operating cash flow	16.5	29.7	45.8	25.0	24.7	25.5	25.7	26.0	26.2	26.9	27.7	
+/- Other	-10.4	-17.0	0.8	-19.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	6.1	12.7	46.6	6.0	24.7	25.5	25.7	26.0	26.2	26.9	27.7	378
Discounted FCFF		12.5	41.7	4.9	18.3	17.2	15.8	14.4	13.2	12.4	11.6	158
Sum of FCFF present value		320	307	266	261	242	225	210	195	182	169	158
Enterprise value DCF		320										
- Interest bearing debt		-14.9										
+ Cash and cash equivalents		38.3										
-Minorities		-20.0										
-Dividend/capital return		-28.3										
Equity value DCF		295										
Equity value DCF per share		10.2										

Cash flow distribution



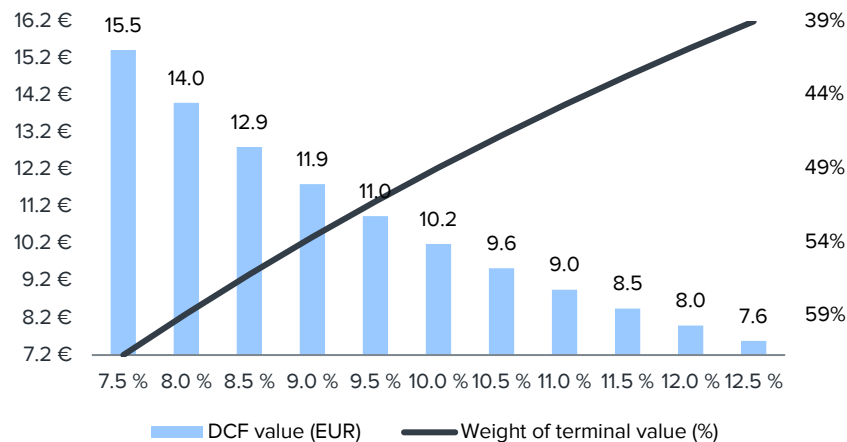
WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	5.0 %
Equity Beta	1.37
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	10.0 %
Weighted average cost of capital (WACC)	10.0 %

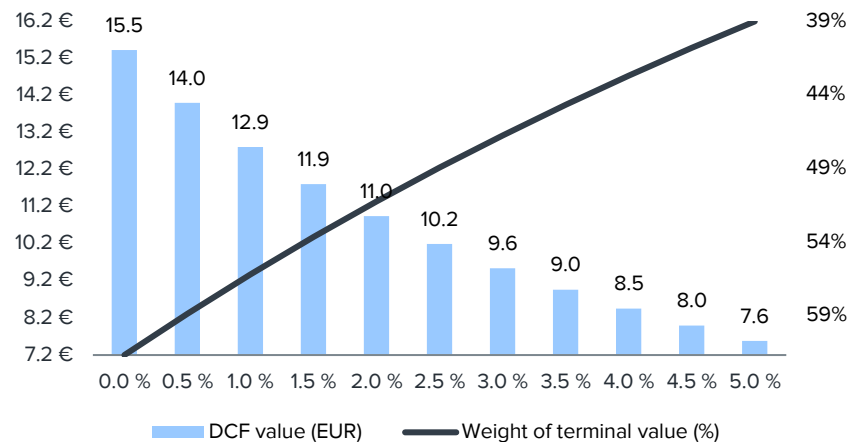
Source: Inderes

DCF sensitivity calculations and key assumptions in graphs

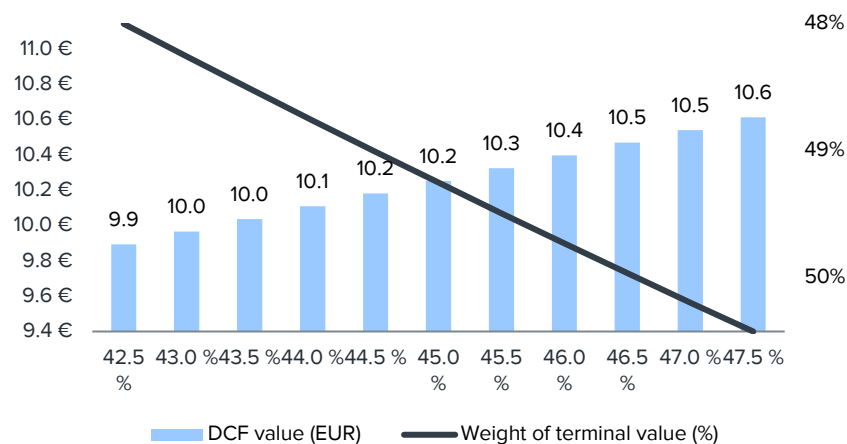
Sensitivity of DCF to changes in the WACC-%



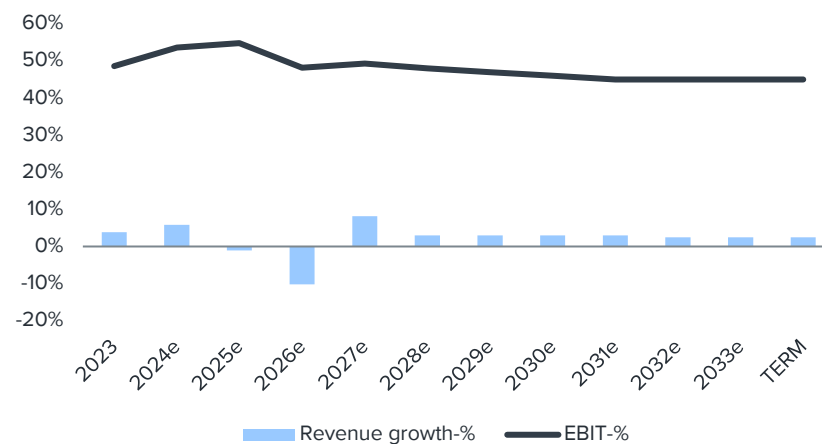
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



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	69.7	63.2	65.6	69.4	68.7	EPS (reported)	4.80	0.73	0.81	0.95	0.93
EBITDA	144.4	28.6	32.4	38.0	38.2	EPS (adj.)	0.75	0.73	0.81	0.95	0.93
EBIT	143.6	27.4	31.9	37.2	37.6	OCF / share	5.00	0.58	0.91	1.07	1.60
PTP	141.3	26.4	30.7	36.3	37.2	FCF / share	3.90	2.04	0.21	0.44	1.59
Net Income	136.0	20.6	22.9	27.3	27.4	Book value / share	8.13	7.16	7.28	7.13	7.38
Extraordinary items	114.9	0.0	0.0	0.0	0.0	Dividend / share	1.20	0.70	1.00	0.57	0.56
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	318.7	300.8	307.9	302.2	308.8	Revenue growth-%	-20%	-9%	4%	6%	-1%
Equity capital	229.8	202.7	208.7	211.0	224.5	EBITDA growth-%	434%	-80%	13%	17%	1%
Goodwill	0.7	0.3	0.3	0.3	0.3	EBIT (adj.) growth-%	17%	-5%	16%	17%	1%
Net debt	-38.4	-31.9	-23.4	-7.0	-36.9	EPS (adj.) growth-%	6%	-2%	11%	17%	-1%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	207.2 %	45.2 %	49.3 %	54.7 %	55.6 %
EBITDA	144.4	28.6	32.4	38.0	38.2	EBIT (adj.)-%	41.2 %	43.3 %	48.6 %	53.6 %	54.8 %
Change in working capital	2.0	-6.8	0.6	-1.5	16.2	EBIT-%	206.0 %	43.3 %	48.6 %	53.6 %	54.8 %
Operating cash flow	141.6	16.5	25.8	30.7	46.8	ROE-%	71.7 %	9.5 %	11.2 %	13.3 %	13.0 %
CAPEX	-1.5	15.0	-9.7	-1.0	-1.1	ROI-%	64.9 %	11.8 %	14.5 %	16.9 %	17.0 %
Free cash flow	110.6	57.7	6.1	12.7	46.6	Equity ratio	72.1 %	67.4 %	67.8 %	69.8 %	72.7 %
						Gearing	-16.7 %	-15.8 %	-11.2 %	-3.3 %	-16.4 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	4.4	5.2	3.6	3.6	3.2						
EV/EBITDA	2.1	11.6	7.2	6.5	5.7						
EV/EBIT (adj.)	10.7	12.1	7.3	6.7	5.8						
P/E (adj.)	15.4	17.6	11.1	8.6	8.8						
P/B	1.4	1.8	1.2	1.1	1.1						
Dividend-%	10.4 %	5.5 %	11.1 %	6.9 %	7.0 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
5/10/2021	Accumulate	11.50 €	10.65 €
5/24/2021	Accumulate	12.50 €	11.65 €
6/1/2021	Accumulate	11.50 €	11.20 €
8/20/2021	Accumulate	11.50 €	10.85 €
11/8/2021	Accumulate	11.50 €	10.95 €
12/2/2021	Reduce	11.50 €	11.50 €
2/17/2022	Reduce	12.00 €	11.80 €
5/2/2022	Reduce	11.00 €	10.38 €
5/9/2022	Accumulate	11.00 €	9.92 €
8/22/2022	Accumulate	11.00 €	10.16 €
10/31/2022	Accumulate	11.00 €	9.35 €
11/7/2022	Accumulate	11.00 €	9.91 €
2/7/2023	Sell	11.00 €	12.82 €
2/17/2023	Reduce	11.00 €	11.34 €
4/17/2023	Reduce	11.00 €	10.42 €
5/4/2023	Reduce	11.00 €	10.40 €
8/14/2023	Accumulate	11.00 €	9.42 €
8/17/2023	Accumulate	11.00 €	9.65 €
11/2/2023	Accumulate	10.00 €	8.50 €
11/30/2023	Accumulate	10.00 €	8.63 €
2/12/2024	Accumulate	10.00 €	9.16 €
2/15/2024	Reduce	10.00 €	9.70 €
5/8/2024	Reduce	9.50 €	8.70 €
8/21/2024	Accumulate	9.50 €	8.34 €
11/6/2024	Accumulate	9.50 €	8.18 €



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