Revenio Group

Company report

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Inderes corporate customer

This report is a summary translation of the report “Pahin arvostuskuoppa kirittiin jo umpeen” published on 12/7/2023 at 7:36 am EET

The worst valuation gap has already been closed

We revise our target price for Revenio to EUR 25.5 (was EUR 24.5) but lower our recommendation to Accumulate (was Buy). The share has risen by nearly 20% since our previous update, which means the clearest buying opportunity admits the weakness has passed. We made small adjustments to our forecasts after the CMD, but the big picture is largely unchanged. The long-term outlook is clear and our confidence in this strengthened, but in the short term there is still weaknesses ahead and considering this, the valuation (2024e EV/EBIT 20x) is close to justified levels.

The CMD clarified the expected development for the coming years

In addition to Revenio's current core business (iCare tonometers and imaging equipment), new candidates and software business are being built, gradually changing the company's profile from a device manufacturer to total solutions. The main products are still competitive and will gain market shares, even though the growth in tonometers will slowly focus on probes and on the HOME2 product family. The competitiveness of imaging equipment (especially DRSplus and Eidon UWF) is much higher than the current market share of under 10%, which provides a strong growth outlook, especially as the market picks up. The most significant growth areas are HOME2 tonometers, ILLUME and AI solutions in imaging devices, and own software. This has become more clearly supported by diabetic retinopathy screening, which was highlighted in the CMD. Significant milestones lie ahead at the end of next year, as reimbursement for HOME2 potentially progresses in the US, Revenio is expected to receive FDA approval for the combination of its camera and partner's AI, and a new product version of the Maia microperimeter is launched. In addition, the aim is to expand the product offering in the next few years, both through own product development and acquisitions.

No major changes to forecasts, even though growth target causes concern

We made slight negative forecast changes for 2025-2026 after the CMD. We expect net sales growth in 2025 to be around 15% (was 16%) and still around 17% in 2026, so our forecasts are clearly above Revenio's annual growth target of approximately 12-13% for these years. We estimate that Revenio has set the targets so that with good performance they will be exceeded (as in the previous period). On the other hand, we expect market growth to accelerate after the weaker period in 2025, so the targeted three times higher growth than market growth may well rise to the level of the forecasts. As regards profitability, we made slight positive adjustments, and overall, e.g., our earnings forecast for 2025 decreased by a few percent. Revenio builds a foundation for profitable growth much further into the future.

Valuation has corrected quickly

The share has risen by almost 20% since our previous update, which means the valuation has corrected quickly. As Revenio's earnings growth story gets back on track during 2024, the valution (adj. EV/EBIT 20x) is very reasonable, but we believe that the clear undervaluation is dissolved. Relative to the peers, the valuation has returned to a clear premium, which we believe is also justified. Looking further, earnings growth still offers upside, but before 2025, the company has many significant milestones. On the positive side, the increase in interest rates seems to have already turned into a clear decline, but on the negative side, a profit warning risk (in terms of growth) still plagues Revenio. At the current share price level, we still find the share's risk/return ratio positive, but move from the previous purchase program to a more cautious Accumulate recommendation.

Recommendation

Accumulate
(previous Buy)

EUR 25.50
(previous EUR 24.50)

Share price:
23.66

Key figures

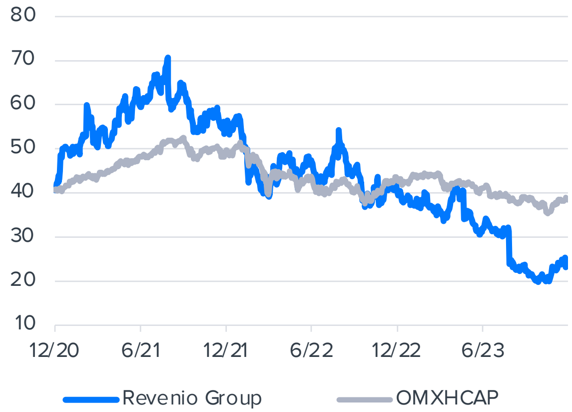
	2022	2023e	2024e	2025e
Revenue	97	95	101	116
growth-%	23%	-2%	6%	15%
EBIT adj.	30.9	27.5	29.8	35.6
EBIT-% adj.	31.8 %	28.9 %	29.5 %	30.6 %
Net Income	21.8	18.4	22.3	26.9
EPS (adj.)	0.86	0.78	0.88	1.06
P/E (adj.)	44.6	30.5	26.8	22.4
P/B	11.3	6.3	5.6	4.9
Dividend yield-%	0.9 %	1.6 %	1.8 %	2.4 %
EV/EBIT (adj.)	32.9	22.3	20.2	16.4
EV/EBITDA	30.6	21.0	18.4	15.1
EV/S	10.5	6.5	5.9	5.0

Source: Inderes

Guidance (Unchanged)

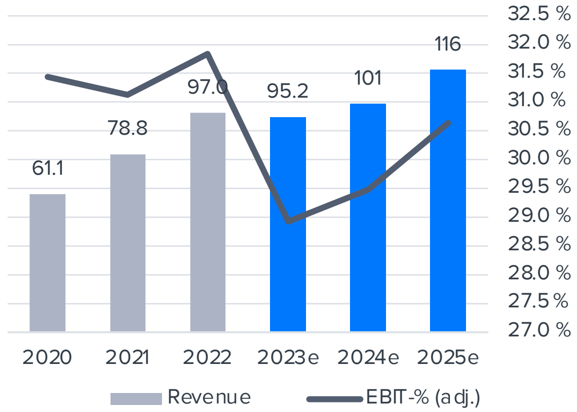
Revenio Group's exchange rate-adjusted net sales growth is estimated to be between 1 - 5 percent compared to the previous year and profitability, excluding non-recurring items, is estimated to remain at a good level.

Share price



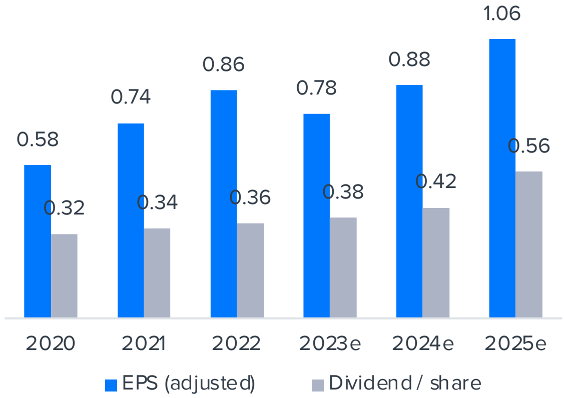
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

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

Risk factors

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

Valuation	2023e	2024e	2025e
Share price	23.7	23.7	23.7
Number of shares, millions	26.6	26.6	26.6
Market cap	629	629	629
EV	615	601	583
P/E (adj.)	30.5	26.8	22.4
P/E	34.1	28.2	23.4
P/B	6.3	5.6	4.9
P/S	6.6	6.2	5.4
EV/Sales	6.5	5.9	5.0
EV/EBITDA	21.0	18.4	15.1
EV/EBIT (adj.)	22.3	20.2	16.4
Payout ratio (%)	55.0 %	50.0 %	55.0 %
Dividend yield-%	1.6 %	1.8 %	2.4 %

Source: Inderes

The CMD clarified the long-term strategy

Revenio's CMD on November 30 provided interesting information, especially regarding the company's growth ambitions, where significant advances can be expected next year. The importance of diabetic retinopathy screening was clearly highlighted as the company shifted its focus towards integrated and proactive eye care pathways. In our opinion, the CMD was convincing, especially in the longer term as the company's offering expands systematically although the development will be quite subdued until the second half of 2024. We wrote about the CMD earlier here.

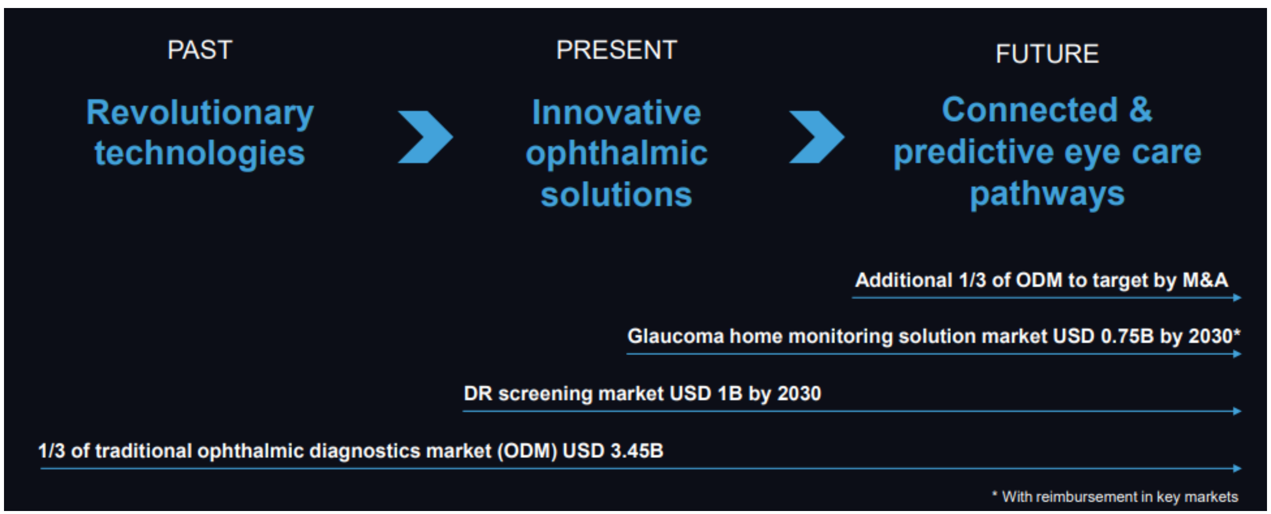
Priority areas of the updated growth strategy

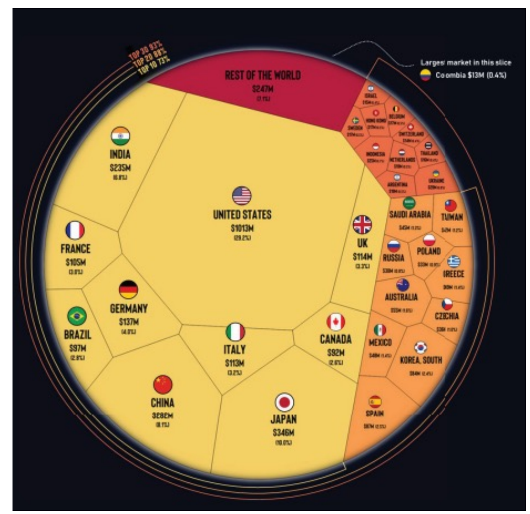
Revenio's updated growth strategy still focuses on the eye care market, and the company aims to raise the quality of clinical diagnostics through product innovation. This is a logical and expected follow-up for the company's history.

In addition, the company's aim is to streamline clinical care pathways through integrated and proactive eye care solutions, with an emphasis on new software solutions. Software take Revenio from a product company toward total solutions, but also support product sales. In terms of future competitiveness, we believe success in software is critical. In terms of sales, the challenge is presented by new customer segments, especially in the screening market, where the company is also entering the primary health care area. Here, the company needs to build new sales channels and address vendor compensation and capability challenges as the focus shifts to selling total solutions. The company will also enhance its customer focus in operations and sales, while developing its strengths in people and corporate culture. As part of its strategy work, Revenio has assessed its ESG priorities and metrics. In our opinion, the priorities and the cornerstones of the strategy did not contain any significant surprises.

A little more clarity on growth initiatives

Our interest in the CMD was directed at the ILLUME total solution, software and HOME2 product family, which we see as critical growth drivers for Revenio in the medium term. The importance of ILLUME was emphasized when Revenio highlighted diabetic retinopathy screening as a major new business opportunity. This was no surprise after the launch of ILLUME, but it was possibly highlighted more than expected. Here, Revenio is also expanding more directly into Optomed's core area, although the companies have different angles on the market. On the software side, Revenio informed the audience about the new iCare Data Management product, which seemed interesting and well positioned in the market.





Source: Revenio's CMD materials 2023

Growth initiatives are slowly maturing into responsibility takers

No changes to the AI strategy, but a slightly clearer timetable

There have been no changes in Revenio's AI strategy, and the company will continue along two different paths. One will focus on device sales, with partner AI brought in, or the other will offer a the company's own ILLUME total solution. The critical market here is the US, where FDA approval is required for the combination of device and AI (separate approvals are not enough). Revenio management indicated that FDA approval of the combination of iCare DRSplus and the AI partner could be expected next year. The company would then be involved in the US AI market, but no specific timeline was given for the comprehensive ILLUME solution. The timing of this is likely to be later, but important experience is already gained in Europe concerning the functionality of the total solution.

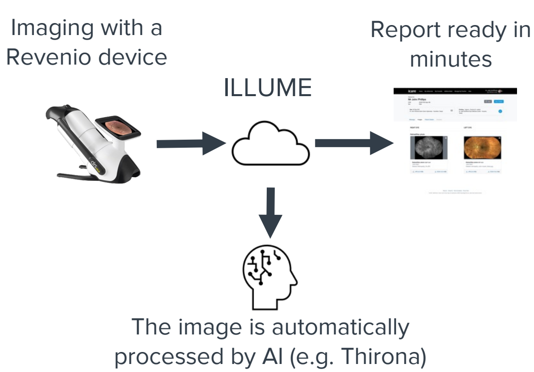
In the ILLUME total solution, Revenio is able to control the whole, enabling considerable income streams also from the use of AI. This naturally makes it more attractive in the long term, but also the traditional device business is very profitable for Revenio. In this way, the importance of AI and software solutions as an accelerator of device sales should not be underestimated. There was little further information on ILLUME's key figures, but the company reported good activity and strong month-on-month growth. What is clear is that, for the time being, the revenue stream is small but the future potential is very high.

HOME2's potential made a little more concrete

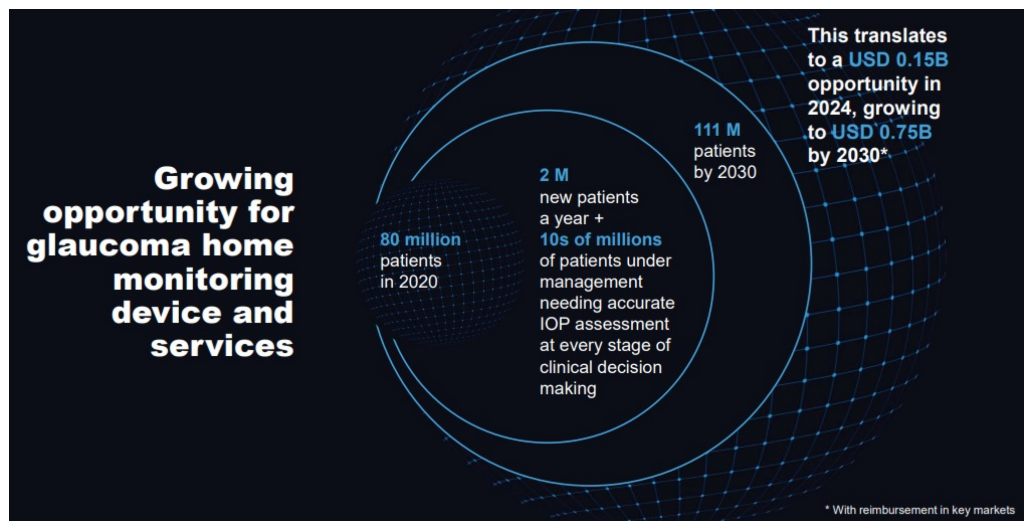
In the CMD, Revenio published for the first time estimates for the glaucoma at-home measurement market, including equipment and services. The company estimates this market potential to be around USD 150 million in 2024, but growing to USD 750 million by 2030. This rapid growth requires the solution to obtain reimbursement decisions in key markets (in particular the US). Revenio estimates that news in this area could be available towards the end of next year.

We think the company made a very convincing case for the benefits of at-home measurements and longer-term monitoring, but there is still uncertainty about the actual opening of the market. It is also good to be skeptical about market estimates, because there are still a lot of moving parts. In any case, the high market potential of HOME 2 is clear and the medium-term growth prospects for the product are excellent. Concreteness is still limited and the uncertainty surrounding our forecasts has hardly diminished, but the situation may become clearer next year.

Simplified description of fundus screening with ILLUME (Revenio receives one-off revenue from devices as well as ongoing software revenue)



Source: Inderes



Source: Revenio's CMD materials 2023

The offering will expand in the coming years

Little new information on the current core business

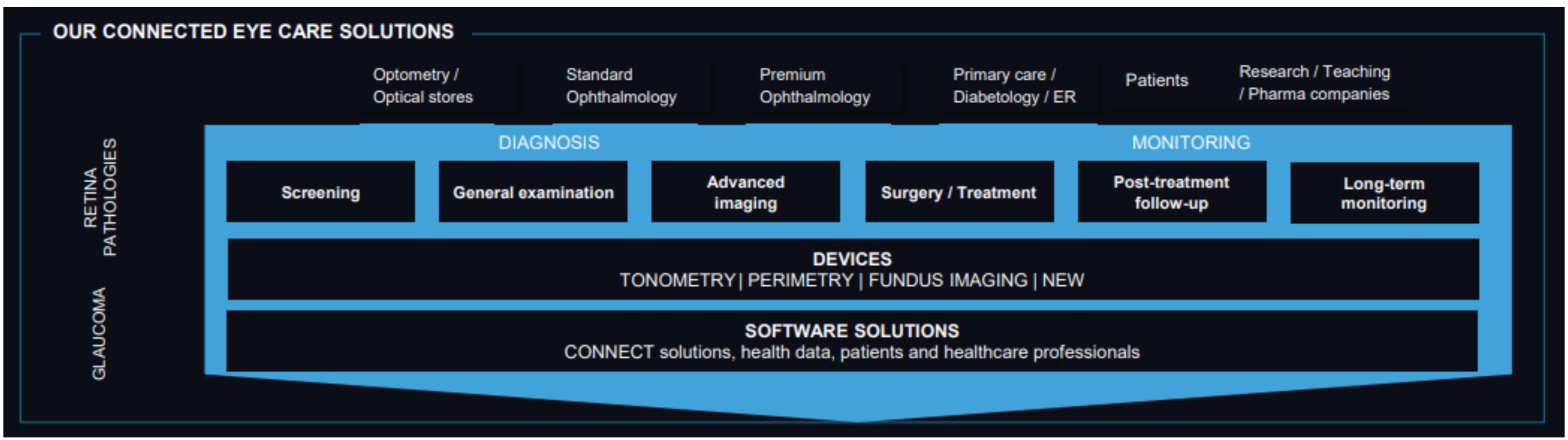
There were no surprises in Revenio's comments on the current core business. The company still saw growth opportunities in traditional tonometers (such as the iCare IC200), but we believe the market is growing at a relatively slow pace. In tonometers, Revenio's market position is very strong and, as a result, growth in new devices is slowly approaching market growth. Gradually, the business focus will shift to probe sales, which continue to perform well as the device portfolio grows and activity remains at a good level in general.

In imaging devices, Revenio is still a relatively small player (market share below 10%) and with highly competitive products (DRSplus and EIKON UWF), there is significant growth potential. The company expects to continue to capture market share strongly and imaging devices will play a critical role in achieving the company's growth target (3x market growth). Between 2016 and 2022, imaging devices grew by more than 18% per year. We are positive about Revenio's growth prospects in this area and are confident that the company will return to strong growth as the prevailing "COVID hangover" eases.

The offering is expanding systematically

Revenio again stressed the company's desire to grow also through M&A, which would allow the company to expand its offering, scale and accelerate its profitable growth. We got the impression that negotiations for acquisitions have taken place, but the problem has been valuation levels. Stock market valuation levels have corrected strongly in recent years, but the company says this has not happened in private companies. This is a clear brake on acquisitions, but the situation could be expected to level off gradually. Another challenge is that the number of interesting companies in the sector is very limited. In our opinion, the optical coherence tomography (OCT) market is still the most logical place to expand, although there are other possibilities.

In addition to inorganic growth, Revenio also highlighted that new products are on the way in the company's product development pipeline. Product development investments will continue to represent around 10% of sales, and the absolute amount has increased strongly with growth. In the coming years, the product offering should be renewed and possibly expanded, but it is of course difficult to assess this without more detailed information. One known product is the Maia microperimeter, which is expected to be launched in H1'2024. According to the company, there has been demand for the product, so sales can start at a fast pace.



Source: Revenio's CMD materials 2023

No major changes to forecasts, even though growth target causes concern

Longer-term outlook is clear

The CMD was greeted negatively on the stock markets. It is difficult to gauge market expectations, but it is likely that at least the company's growth target was disappointing. From 2025 onwards, the company aims for revenue growth to be three times the growth of the ophthalmic diagnostics market (forecast at 4.2%). For the sake of clarity, it should be noted that the company believes the growth target can be achieved without acquisitions that could accelerate growth considerably during the period. This would mean an organic growth target of 12-13% per year, but Revenio tends to be moderate with its targets and sets them at a very achievable level. The company exceeded its previous targets by a large margin, albeit with a favorable contribution from the market.

For 2025 in particular, we see many significant growth drivers if things develop as expected. In the second half of next year, DRSplus may receive support from the FDA approval for the AI combination, reimbursement for HOME2 may move forward, and Maia is expected to return to the product portfolio. If the market situation also picks up in line with our assumptions, we do not consider growth of over 16% unreasonable. After that, growth will increasingly depend on the development of the previously mentioned growth initiatives, new product launches and possible acquisitions, which the company develops slowly. Acquisitions are definitely an interesting wild card, as this would enable the company to strengthen its offering and profitable growth. The company's balance sheet is strong and provides leeway in this respect as well.

More subdued period continues at least in H1'24

Overall, our view of Revenio's strong long-term outlook was clearly supported by the CMD, but challenges remain and continue in the short term. Market gloom is expected to persist for the next six months, and the rate of the recovery is still unclear. Revenio's next year is shaping up to be interesting, with several factors shaping the longer-term lying ahead. Our forecasts will fluctuate with them.

Estimate changes were minor

We have reviewed our forecasts critically after Revenio's CMD and made slight negative changes to them for 2025-2026. We now forecast 2025 net sales growth to be around 15% (was 16%) and still around 17% in 2026, so our forecasts are still well above Revenio's growth target of under 13%. However, it should be noted that we expect market growth to accelerate in 2025 after a weaker period, so the targeted triple growth relative to the market may well rise to the level of our forecasts. Of course, this also requires macro-economic support, and visibility of this even into next year is weak.

On the other hand, we made slight positive revisions to profitability, because the outlook has also deteriorated in terms of cost inflation. In addition, the company continued to talk about its desire to maintain strong profitability despite its growth investments, so this is also a clear priority for the company.

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	95.2	95.2	0%	102	101	0%	118	116	-2%
EBITDA	29.3	29.3	0%	32.8	32.6	-1%	39.7	38.7	-3%
EBIT (exc. NRIs)	27.5	27.5	0%	30.0	29.8	-1%	36.6	35.6	-3%
EBIT	25.4	25.4	0%	28.8	28.6	-1%	35.5	34.4	-3%
PTP	24.6	24.6	0%	28.4	28.8	1%	35.3	35.0	-1%
EPS (excl. NRIs)	0.78	0.78	0%	0.87	0.88	2%	1.07	1.06	-1%
DPS	0.38	0.38	0%	0.41	0.42	2%	0.56	0.56	-1%

Source: Inderes

Valuation has corrected quickly

Quality company with good long-term growth prospects

It has been easy to paint Revenio's high-quality earnings growth story well into the future, as the core business has maintained a strong growth trajectory while the company's profitability has scaled upwards. The excellent track-record took a hit from the profit warning in the summer, after which the share valuation plummeted. The CMD strengthened our view that the long-term growth story is still intact and the current sluggish situation is temporary. Revenio is well positioned in an industry with strong structural long-term growth drivers and deep moats (patents, brand, slow-moving industry and high barrier of entry). In addition, Revenio will expand its product portfolio both through own product development and acquisitions, which we believe are very well positioned to create shareholder value. At present, however, acquisitions are prevented by the valuation levels of the target companies remaining high. Demant, Revenio's largest owner is likely to continue increasing its holding in the company if the market offers attractive opportunities for this.

Valuation has corrected quickly

Revenio's share has risen by almost 20% since our previous update, which has resulted in the valuation correcting clearly upward. We feel the clearest purchasing opportunity in the midst of the weakness has ended, but the valuation remains very attractive relative to history. Essential in terms of valuation is also that interest rates show clear downward pressure. Revenio's 2023 adjusted EV/EBIT is now around 22x, which we find reasonable. At the moment, however, the company lacks a profit growth driver, so the ratio seems high until the situation is corrected. If the company's earnings growth story returns to track in 2024 as we expect, the valuation is already very reasonable by the company's standards (2024e adj. EV/EBIT 20x). This is sensible for a quality company in an industry where competitive advantages are relatively stable and valuations therefore generally high. However, the clearest undervaluation was eliminated with the share price rise, and now significant expected return must be sought in 2025. Looking there, adj. EV/EBIT is just over 16x. The level is justified even without the strategic benefits that a company in the sector could gain, for example through acquisitions.

In the steepest drop, Revenio's valuation also fell below the peer group median when looking at EV/EBIT multiples for 2023-2024. Now, the company is once again valued with a clear premium relative to the median of the group, and the key multiples for 2024 are roughly at the same level as for Zeiss. In our opinion, the relative valuation is again at a rather reasonable level at the performance level of these years, but, looking further, we still see slight undervaluation in Revenio.

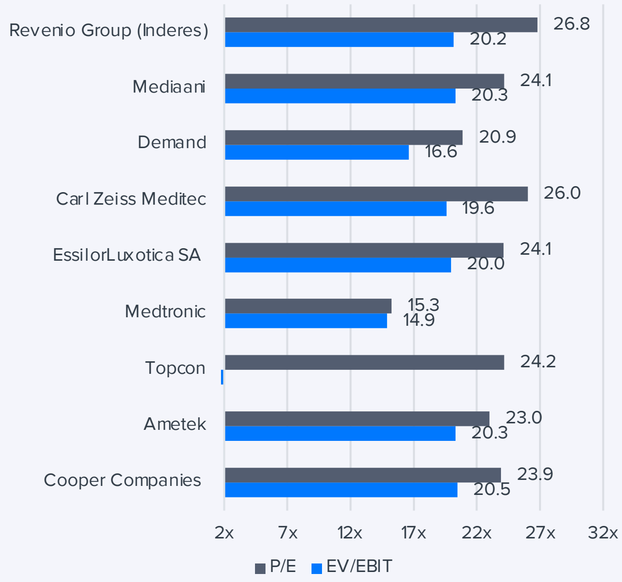
Purchasing program on hold, but we are still in

After a strong share price rise, we feel Revenio's valuation is at a justified level relative to the short-term outlook. In the longer term, earnings growth still provides a significant return expectation, but we believe that one should be moderate in the pricing of this for the time being. Before 2025, the company has several significant milestones, based on which we can assess the situation better. On the negative side, Revenio is still plagued by a profit warning risk (in terms of growth) which weakens the share's risk/return ratio for the time being. We are putting the purchasing program at least on hold but remain on board the share with an Accumulate recommendation.

Valuation	2023e	2024e	2025e
Share price	23.7	23.7	23.7
Number of shares, millions	26.6	26.6	26.6
Market cap	629	629	629
EV	615	601	583
P/E (adj.)	30.5	26.8	22.4
P/E	34.1	28.2	23.4
P/B	6.3	5.6	4.9
P/S	6.6	6.2	5.4
EV/Sales	6.5	5.9	5.0
EV/EBITDA	21.0	18.4	15.1
EV/EBIT (adj.)	22.3	20.2	16.4
Payout ratio (%)	55.0 %	50.0 %	55.0 %
Dividend yield-%	1.6 %	1.8 %	2.4 %

Source: Inderes

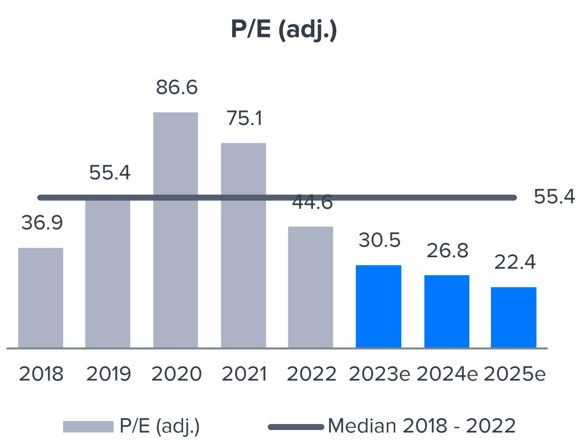
Peer group's valuation multiples (2024e)

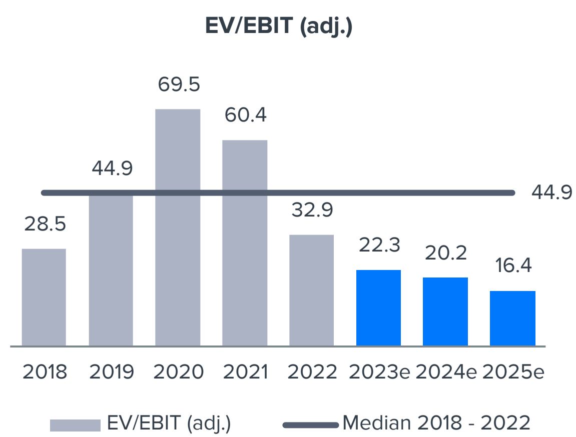


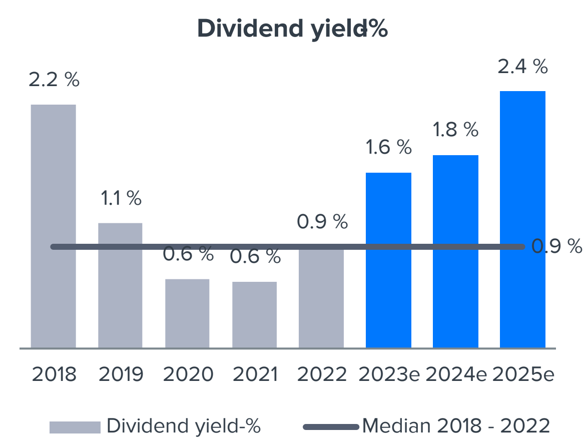
Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	12.6	26.3	50.3	55.6	38.6	**23.7**	**23.7**	**23.7**	**23.7**
Number of shares, millions	23.9	26.0	26.6	26.7	26.6	**26.6**	**26.6**	**26.6**	**26.6**
Market cap	301	697	1337	1482	1026	**629**	**629**	**629**	**629**
EV	290	700	1335	1482	1015	**615**	**601**	**583**	**565**
P/E (adj.)	36.9	55.4	86.6	75.1	44.6	**30.5**	**26.8**	**22.4**	**18.7**
P/E	36.9	73.0	>100	85.7	47.1	**34.1**	**28.2**	**23.4**	**19.3**
P/B	16.6	10.8	19.2	18.9	11.3	**6.3**	**5.6**	**4.9**	**4.3**
P/S	9.8	14.1	21.9	18.8	10.6	**6.6**	**6.2**	**5.4**	**4.6**
EV/Sales	9.5	14.1	21.9	18.8	10.5	**6.5**	**5.9**	**5.0**	**4.2**
EV/EBITDA	27.1	47.9	61.5	57.7	30.6	**21.0**	**18.4**	**15.1**	**12.4**
EV/EBIT (adj.)	28.5	44.9	69.5	60.4	32.9	**22.3**	**20.2**	**16.4**	**13.3**
Payout ratio (%)	82.3 %	85.1 %	63.7 %	52.4 %	43.9 %	**55.0 %**	**50.0 %**	**55.0 %**	**60.0 %**
Dividend yield-%	2.2 %	1.1 %	0.6 %	0.6 %	0.9 %	**1.6 %**	**1.8 %**	**2.4 %**	**3.1 %**

Source: Inderes







Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%	
Company	**MEUR**	**MEUR**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**
Revenio Group	631	631	24.1	21.4	21.1	18.7	6.6	6.1	32.9	28.2	1.6	1.8
Cooper Companies	15368	17660	22.4	20.5	18.7	16.8	5.3	4.9	26.2	23.9	0.0	0.0
Ametek	33215	34435	21.8	20.3	18.3	17.1	5.7	5.3	24.5	23.0	0.6	0.7
Topcon	1019	1372			7.2	8.6	1.1	1.0	12.4	24.2	2.8	2.8
Medtronic	96994	113212	14.9	14.9	13.2	13.3	4.0	3.8	14.9	15.3	3.4	3.5
EssilorLuxotica SA	81493	92218	21.5	20.0	14.0	12.9	3.6	3.4	26.6	24.1	1.9	2.1
Carl Zeiss Meditec	7221	7454	20.6	19.6	16.7	16.2	3.6	3.3	26.9	26.0	1.3	1.4
Demand	8603	10367	18.4	16.6	14.0	12.9	3.5	3.2	28.8	20.9		
Optomed (Inderes)	53	50					3.2	3.0				
Revenio Group (Inderes)	**629**	**615**	**22.3**	**20.2**	**21.0**	**18.4**	**6.5**	**5.9**	**30.5**	**26.8**	**1.6**	**1.8**
Average			**28.1**	**22.7**	**18.3**	**16.4**	**4.2**	**3.9**	**37.5**	**28.0**	**1.4**	**1.5**
Median			**21.8**	**20.3**	**17.5**	**16.5**	**4.0**	**3.8**	**26.7**	**24.1**	**1.3**	**1.4**
Diff-% to median			***2%***	***-1%***	***20%***	***12%***	***63%***	***56%***	***14%***	***11%***	***24%***	***31%***

Source: Refinitiv / Inderes

Income statement

Income statement	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	2024e	2025e	2026e
Revenue	**61.1**	**78.8**	**20.2**	**24.4**	**24.1**	**28.3**	**97.0**	**23.2**	**22.3**	**22.0**	**27.8**	**95.2**	**101**	**116**	**136**
Tonometers (estimate)	41.8	49.2	13.2	16.9	13.0	15.5	58.6	14.7	14.3	11.5	15.0	55.5	57.2	63.5	72.4
Imaging devices (estimate)	19.1	28.3	6.6	6.9	10.7	12.1	36.2	7.8	7.4	9.8	12.0	37.0	40.4	47.7	55.8
Oculo / Software (estimate)	0.0	0.9	0.4	0.6	0.5	0.7	2.2	0.6	0.7	0.7	0.8	2.8	3.5	5.0	7.5
Other products (estimate)	0.2	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**21.7**	**25.7**	**6.4**	**8.0**	**8.5**	**10.2**	**33.1**	**7.1**	**5.6**	**7.1**	**9.5**	**29.3**	**32.6**	**38.7**	**45.7**
Depreciation	-4.6	-3.6	-0.8	-0.9	-0.9	-0.9	-3.4	-0.9	-1.0	-1.0	-1.0	-3.9	-4.0	-4.3	-4.4
EBIT (excl. NRI)	**19.2**	**24.5**	**5.9**	**7.4**	**8.0**	**9.6**	**30.9**	**6.5**	**5.8**	**6.5**	**8.8**	**27.5**	**29.8**	**35.6**	**42.4**
EBIT	**17.1**	**22.1**	**5.6**	**7.1**	**7.7**	**9.3**	**29.7**	**6.2**	**4.7**	**6.0**	**8.5**	**25.4**	**28.6**	**34.4**	**41.2**
Net financial items	-0.4	0.0	0.3	-0.1	-0.1	-0.7	-0.6	-0.4	-0.2	-0.1	-0.1	-0.8	0.2	0.6	1.0
PTP	**16.7**	**22.1**	**5.8**	**7.1**	**7.6**	**8.6**	**29.1**	**5.8**	**4.5**	**5.9**	**8.4**	**24.6**	**28.8**	**35.0**	**42.2**
Taxes	-3.4	-4.8	-1.2	-1.7	-1.5	-2.9	-7.3	-1.5	-1.2	-1.5	-1.9	-6.1	-6.5	-8.0	-9.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	**13.3**	**17.3**	**4.6**	**5.4**	**6.1**	**5.7**	**21.8**	**4.2**	**3.3**	**4.4**	**6.5**	**18.4**	**22.3**	**26.9**	**32.5**
EPS (adj.)	**0.58**	**0.74**	**0.18**	**0.22**	**0.24**	**0.23**	**0.86**	**0.17**	**0.17**	**0.18**	**0.25**	**0.78**	**0.88**	**1.06**	**1.27**
EPS (rep.)	**0.50**	**0.65**	**0.17**	**0.20**	**0.23**	**0.22**	**0.82**	**0.16**	**0.12**	**0.17**	**0.24**	**0.69**	**0.84**	**1.01**	**1.22**

Key figures	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	23.4 %	29.1 %	20.6 %	29.5 %	24.1 %	18.9 %	23.1 %	14.9 %	-8.7 %	-8.9 %	-1.7 %	-1.8 %	6.2 %	14.9 %	16.8 %
Adjusted EBIT growth-%		27.8 %	6.6 %	57.6 %	27.5 %	19.3 %	25.9 %	10.6 %	-22.1 %	-18.6 %	-8.6 %	-10.8 %	8.2 %	19.4 %	19.1 %
EBITDA-%	35.5 %	32.6 %	31.7 %	32.7 %	35.4 %	36.1 %	34.1 %	30.5 %	25.3 %	32.1 %	34.2 %	30.7 %	32.2 %	33.3 %	33.7 %
Adjusted EBIT-%	31.4 %	31.1 %	29.0 %	30.4 %	33.0 %	34.1 %	31.8 %	27.9 %	26.0 %	29.5 %	31.7 %	28.9 %	29.5 %	30.6 %	31.2 %
Net earnings-%	21.9 %	22.0 %	22.6 %	22.2 %	25.2 %	20.2 %	22.5 %	18.3 %	14.8 %	20.1 %	23.3 %	19.3 %	22.0 %	23.2 %	24.0 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	**69.8**	**70.8**	**75.9**	**76.8**	**77.4**
Goodwill	59.8	59.8	59.4	59.4	59.4
Intangible assets	4.2	4.3	4.8	5.2	5.7
Tangible assets	2.6	2.8	3.3	3.8	4.0
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.4	2.3	2.3	2.3
Other non-current assets	1.9	1.9	3.3	3.3	3.3
Deferred tax assets	1.3	1.6	2.8	2.8	2.8
Current assets	**40.8**	**52.5**	**54.0**	**67.6**	**87.0**
Inventories	6.4	6.7	8.1	7.6	8.1
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	9.2	13.7	14.3	14.2	15.1
Cash and equivalents	25.2	32.1	31.6	45.9	63.8
Balance sheet total	**125**	**136**	**142**	**155**	**174**

Source: Inderes

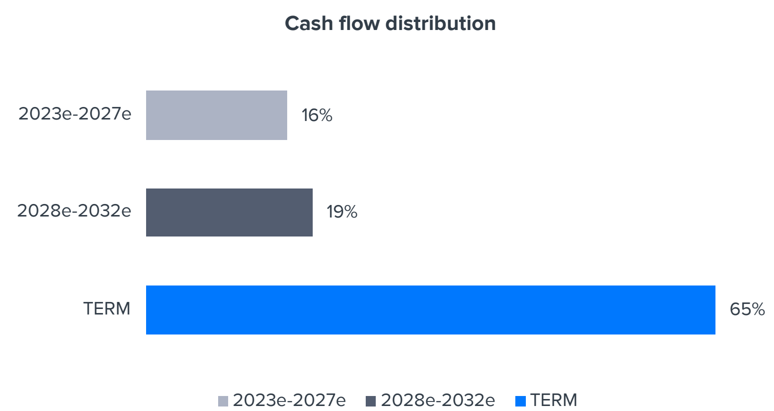
Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	**78.4**	**90.9**	**100**	**113**	**128**
Share capital	5.3	5.3	5.3	5.3	5.3
Retained earnings	22.1	34.3	43.2	55.3	71.1
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	51.0	51.3	52.0	52.0	52.0
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**5.8**	**20.1**	**19.0**	**19.0**	**19.0**
Deferred tax liabilities	3.6	3.7	3.5	3.5	3.5
Provisions	0.5	0.5	0.5	0.5	0.5
Interest bearing debt	1.7	15.8	15.0	15.0	15.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	**40.4**	**25.2**	**22.0**	**23.2**	**26.2**
Interest bearing debt	23.5	5.0	3.0	3.0	3.0
Payables	16.9	20.2	19.0	20.2	23.2
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**125**	**136**	**142**	**155**	**174**

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	23.1 %	-1.8 %	6.2 %	14.9 %	16.8 %	15.0 %	13.0 %	11.0 %	8.0 %	5.0 %	3.0 %	3.0 %
EBIT-%	30.6 %	26.6 %	28.3 %	29.6 %	30.4 %	30.5 %	30.0 %	29.0 %	29.0 %	28.5 %	28.5 %	28.5 %
EBIT (operating profit)	**29.7**	**25.4**	**28.6**	**34.4**	**41.2**	**47.6**	**52.9**	**56.7**	**61.3**	**63.2**	**65.1**	
+ Depreciation	3.4	3.9	4.0	4.3	4.4	4.6	4.8	5.2	5.6	5.5	5.5	
- Paid taxes	-7.5	-7.6	-6.5	-8.0	-9.7	-11.3	-12.6	-13.6	-14.7	-15.2	-15.6	
- Tax, financial expenses	-0.2	-0.4	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	
+ Tax, financial income	0.0	0.2	0.2	0.3	0.4	0.5	0.6	0.7	0.7	0.8	0.8	
- Change in working capital	-1.5	-3.1	1.8	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	**24.0**	**18.4**	**28.0**	**32.3**	**36.2**	**41.2**	**45.6**	**48.9**	**52.8**	**54.2**	**55.7**	
+ Change in other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-2.9	-6.6	-3.7	-3.7	-4.0	-4.6	-5.4	-5.9	-4.8	-5.2	-5.4	
Free operating cash flow	**21.1**	**11.8**	**24.3**	**28.6**	**32.2**	**36.6**	**40.2**	**43.1**	**48.0**	**49.0**	**50.2**	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	21.1	11.8	24.3	28.6	32.2	36.6	40.2	43.1	48.0	49.0	50.2	928
Discounted FCFF		**11.7**	**22.2**	**24.1**	**25.0**	**26.2**	**26.5**	**26.1**	**26.8**	**25.2**	**23.8**	**440**
Sum of FCFF present value		677	666	643	619	594	568	542	515	489	463	440
Enterprise value DCF		**677**										
- Interest bearing debt		-20.8										
+ Cash and cash equivalents		32.1										
-Minorities		0.0										
-Dividend/capital return		-9.6										
Equity value DCF		**679**										
Equity value DCF per share		**25.6**										

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	0.0 %
Cost of debt	4.0 %
Equity Beta	1.28
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	**8.6 %**
Weighted average cost of capital (WACC)	**8.6 %**

Source: Inderes



Summary

Income statement	2020	2021	2022	2023e	2024e
Revenue	61.1	78.8	97.0	**95.2**	**101.1**
EBITDA	21.7	25.7	33.1	**29.3**	**32.6**
EBIT	17.1	22.1	29.7	**25.4**	**28.6**
PTP	16.7	22.1	29.1	**24.6**	**28.8**
Net Income	13.3	17.3	21.8	**18.4**	**22.3**
Extraordinary items	-2.1	-2.4	-1.2	**-2.2**	**-1.2**

Balance sheet	2020	2021	2022	2023e	2024e
Balance sheet total	114.4	124.6	136.1	**141.5**	**154.8**
Equity capital	69.7	78.4	90.9	**100.5**	**112.6**
Goodwill	50.4	59.8	59.8	**59.4**	**59.4**
Net debt	-1.9	0.0	-11.3	**-13.6**	**-27.9**

Cash flow	2020	2021	2022	2023e	2024e
EBITDA	21.7	25.7	33.1	**29.3**	**32.6**
Change in working capital	-2.1	2.4	-1.5	**-3.1**	**1.8**
Operating cash flow	15.8	22.7	24.0	**18.4**	**28.0**
CAPEX	-2.5	-15.8	-2.9	**-6.6**	**-3.7**
Free cash flow	13.2	6.7	21.1	**11.8**	**24.3**

Valuation multiples	2020	2021	2022	2023e	2024e
EV/S	21.9	18.8	10.5	**6.5**	**5.9**
EV/EBITDA (adj.)	61.5	57.7	30.6	**21.0**	**18.4**
EV/EBIT (adj.)	69.5	60.4	32.9	**22.3**	**20.2**
P/E (adj.)	86.6	75.1	44.6	**30.5**	**26.8**
P/B	19.2	18.9	11.3	**6.3**	**5.6**
Dividend-%	0.6 %	0.6 %	0.9 %	**1.6 %**	**1.8 %**

Source: Inderes

Per share data	2020	2021	2022	2023e	2024e
EPS (reported)	0.50	0.65	0.82	**0.69**	**0.84**
EPS (adj.)	0.58	0.74	0.86	**0.78**	**0.88**
OCF / share	0.59	0.85	0.90	**0.69**	**1.05**
FCF / share	0.50	0.25	0.79	**0.44**	**0.91**
Book value / share	2.62	2.94	3.42	**3.78**	**4.24**
Dividend / share	0.32	0.34	0.36	**0.38**	**0.42**

Growth and profitability	2020	2021	2022	2023e	2024e
Revenue growth-%	23%	29%	23%	**-2%**	**6%**
EBITDA growth-%	49%	18%	29%	**-12%**	**11%**
EBIT (adj.) growth-%	23%	28%	26%	**-11%**	**8%**
EPS (adj.) growth-%	23%	27%	17%	**-10%**	**14%**
EBITDA-%	35.5 %	32.6 %	34.1 %	**30.7 %**	**32.2 %**
EBIT (adj.)-%	31.4 %	31.1 %	31.8 %	**28.9 %**	**29.5 %**
EBIT-%	28.0 %	28.0 %	30.6 %	**26.6 %**	**28.3 %**
ROE-%	19.9 %	23.4 %	25.7 %	**19.3 %**	**20.9 %**
ROI-%	17.9 %	22.1 %	27.6 %	**22.7 %**	**23.8 %**
Equity ratio	60.9 %	63.0 %	66.8 %	**71.0 %**	**72.7 %**
Gearing	-2.7 %	0.0 %	-12.5 %	**-13.6 %**	**-24.8 %**

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Sell The 12-month risk-adjusted expected shareholder return of the share is very weak

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Date	Recommendation	Target	Share price
2/21/2020	Accumulate	31.00 €	28.85 €
3/19/2020	Buy	24.00 €	18.48 €
4/23/2020	Accumulate	25.00 €	22.75 €
8/7/2020	Reduce	34.00 €	33.50 €
10/23/2020	Reduce	36.00 €	38.05 €
12/21/2020	Reduce	44.00 €	48.65 €
2/12/2021	Accumulate	60.00 €	53.00 €
4/26/2021	Accumulate	65.00 €	59.20 €
Analyst chnaged			
6/9/2021	Accumulate	65.00 €	59.50 €
8/6/2021	Reduce	65.00 €	64.80 €
10/22/2021	Accumulate	58.00 €	55.40 €
2/11/2022	Accumulate	48.00 €	44.30 €
4/7/2022	Reduce	48.00 €	47.96 €
4/29/2022	Reduce	48.00 €	47.58 €
8/5/2022	Reduce	52.00 €	54.30 €
10/28/2022	Reduce	40.00 €	39.48 €
1/27/2023	Reduce	40.00 €	37.62 €
2/10/2023	Reduce	38.00 €	37.26 €
1/27/2023	Reduce	40.00 €	37.62 €
2/10/2023	Reduce	38.00 €	37.26 €
3/20/2023	Accumulate	38.00 €	34.66 €
4/28/2023	Reduce	38.00 €	39.24 €
8/3/2023	Accumulate	26.00 €	24.08 €
8/11/2023	Accumulate	26.00 €	23.20 €
10/4/2023	Buy	26.00 €	19.81 €
10/27/2023	Buy	24.50 €	19.90 €
12/7/2023	Accumulate	25.50 €	23.66 €

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