Componenta

Company report

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Inderes corporate customer

This report is a summary translation of the report "Kompuroi, mutta kohoaa jälleen" published on 11/4/2024 at 08:35 am EET

inderes.

Stumbling but getting up again

Componenta's Q3 business review figures were below expectations across the board, with a clear miss on revenue. The company maintained its revenue and earnings guidance for 2024, so the rest of the year will be busy. Our forecast changes for 2024-2026 are downward, but quite small in euro terms. The current valuation of the stock supports a positive recommendation by almost all measures. We therefore reiterate our Accumulate recommendation. The impact of our forecast changes is reflected in a lowering of the target price to EUR 3.30 (previously EUR 3.60).

Volumes again lacking in Q3

Q3 revenue (+2% y/y) fell far short of our estimates. Componenta's initial expectations for future volumes were significantly higher, and customer decision-making has been characterized by delays. In particular, we believe that the difficulties experienced by AGCO/Valtra, which we expect to be Componenta's customer, have been reflected in Componenta's volumes. In addition, the development of orders from Componenta's end customers in the machine building segment has also been weaker than expected. Despite the low volumes, Componenta's EBITDA margin was at a reasonable level of 6.0%, significantly better than the EBITDA on the same revenue level in the previous year (Q3'23: 2.0%). Profitability was supported by price increases in Componenta's foundries, which were accepted by customers due to the low utilization rate of the foundries. Financing costs were well above our expectations in Q3, and that of course was reflected in EPS.

Moderate cuts in forecasts

Despite the weaknesses in the Q3 report, Componenta maintained its guidance for 2024 (revenue and EBITDA to improve from 2023). For Q4'24 this means at least 46% year-on-year revenue growth and an EBITDA margin of 6.8%. The Q4 volume outlook is built on growth in new volume products. We also believe that increased deliveries, especially to the Finnish Defence Forces and possibly also to the energy sector, will play a major role in Q4 volumes. Agricultural machinery volumes are not expected to improve until H2'25, but an upturn in mechanical engineering is already visible and projects have started in the energy sector as the need for balancing power increases. We continue to believe in Componenta's guidance for 2024, although it may be difficult to achieve, especially in terms of revenue, and the risk of a profit warning cannot be ruled out. Our revenue forecasts for 2025-2026 reflect the delay in volume growth, but growth is still driven by the integration of the Fortaco acquisition, the deal with the Defence Forces, and the energy sector. Our revenue growth forecasts for 2025 and 2026 are now +18% year-on-year (+21% y/y) and +13% year-on-year (+14% y/y), respectively. Our EBITDA margin forecasts remain nearly unchanged: 2025: 9.0% (9.0%) and 10.0% (9.8%). Profitability is supported by, among other things, the easing of the energy and raw material markets.

Undervaluation is apparent

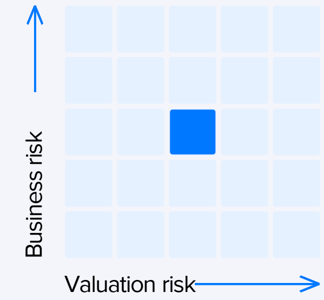
With the 2025 EV/EBIT calculation, the total expected return of Componenta's share is +14% p.a., which is above the required return of 12%. With a P/E-based calculation, the total expected return is already +19% p.a. and overall, the risk-adjusted return on the share is attractive. All of Componenta's key valuation multiples for 2025 are well below the peer group median. The discount of EV/EBITDA, EV/EBIT and P/E multiples is -35...-55%, clearly more than the -20...-30% we believe is justified. All in all, the stock is also cheaply priced on a peer basis. The DCF model indicates Componenta a share value of EUR 4.3, with an upside of +52%.

Recommendation

Accumulate
(was Accumulate)

EUR 3.30
(was EUR 3.60)

Share price:
2.85



Key figures

	2023	2024e	2025e	2026e
Revenue	101.8	102.4	120.5	136.5
growth-%	-7%	1%	18%	13%
EBIT adj.	-0.5	0.2	4.8	7.5
EBIT-% adj.	-0.5 %	0.2 %	4.0 %	5.5 %
Net Income	1.5	-2.1	3.0	5.8
EPS (adj.)	-0.28	-0.21	0.31	0.60
P/E (adj.)	>100	>100	9.2	4.8
P/B	0.9	1.2	1.0	0.9
Dividend yield-%	0.0 %	0.0 %	4.9 %	8.8 %
EV/EBIT (adj.)	neg.	>100	8.2	4.8
EV/EBITDA	6.0	7.7	3.7	2.6
EV/S	0.3	0.4	0.3	0.3

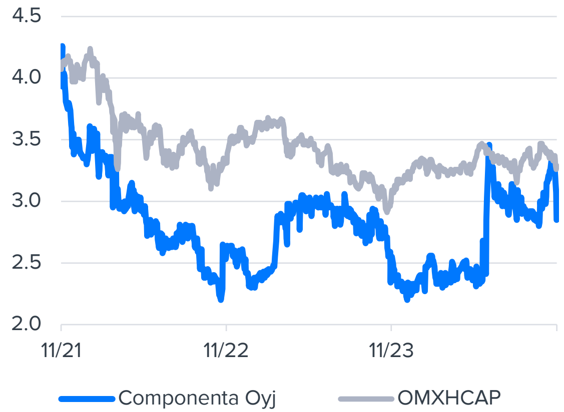
Source: Inderes

Guidance

(Unchanged)

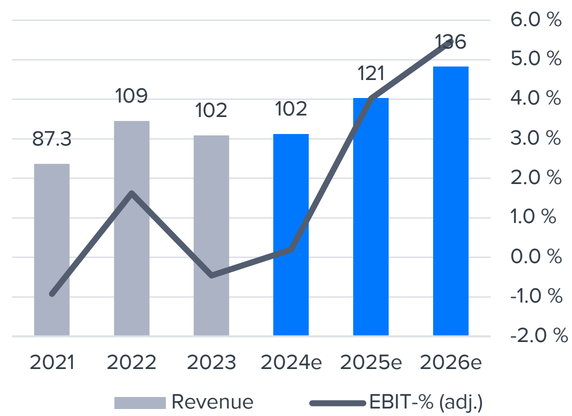
Componenta expects the Group's revenue and EBITDA for 2024 to improve from the previous year. The annual improvement is expected to focus clearly on H2'24.

Share price



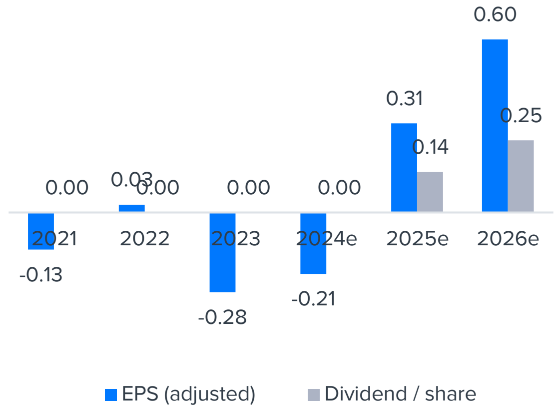
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Customer sector risk highly diversified
- Long-term customer relationships with global OEMs
- Cost changes can be quickly transferred to own prices
- Valuation has a lot of historical baggage

Risk factors

- Traditionally low-margin sector
- Customer sectors individually cyclical
- One big customer dependency

Valuation	2024e	2025e	2026e
Share price	2.85	2.85	2.85
Number of shares, millions	9.71	9.71	9.71
Market cap	28	28	28
EV	44	40	36
P/E (adj.)	>100	9.2	4.8
P/E	>100	9.2	4.8
P/B	1.2	1.0	0.9
P/S	0.3	0.2	0.2
EV/Sales	0.4	0.3	0.3
EV/EBITDA	7.7	3.7	2.6
EV/EBIT (adj.)	>100	8.2	4.8
Payout ratio (%)	0.0 %	45.4 %	41.7 %
Dividend yield-%	0.0 %	4.9 %	8.8 %

Source: Inderes

Volumes again lacking in Q3

Top-line weakness pronounced in Q3 figures

Componenta's Q3 business review figures were below expectations across the board, with a clear miss on revenue. However, margins were at a reasonable level.

Tractor factory a deciding factor

Q3 revenue (+2% y/y) fell far short of our estimates. Componenta's initial expectations for future volumes were significantly higher, and customer decision-making has been characterized by delays. In particular, we believe that the difficulties experienced by AGCO/Valtra, which we expect to be Componenta's customer, have been reflected in Componenta's volumes. AGCO announced in October that it would start change negotiations at the Suolahti tractor factory and AGCO Power's engine plant in Linnavuori, a key factor behind which, according to Valtra, is "a market decline of more than -15% for tractors". The order trend among Componenta's end customers has been more modest than expected not only in the agricultural and forestry machinery, but also in the machine building segment. The Group's order book grew moderately at 3% year-on-year at the end of Q3, but due to the shortness of the order book (2 months), no firm conclusions can be drawn.

Profitability at satisfactory level

Despite the low volumes, Componenta's EBITDA margin was at a reasonable level of 6.0%, significantly better than the EBITDA on the same revenue level in the previous year (Q3'23: 2.0%). Componenta itself also considered the Q3 EBITDA as "satisfactory considering the capacity utilization". Profitability was supported by price increases in Componenta's foundries, which were accepted by customers due to the low utilization rate of the foundries. The ramp-up of new volume products, which has been ongoing for several months, also started to reach the targeted quality level and no longer caused the same profitability problems as in H1'24. Financing costs were well above our expectations in Q3 (around -0.6 MEUR vs. forecast -0.4 MEUR), and that of course was reflected in EPS.

Estimates	Q3'23	Q3'24	Q3'24e	Q3'24e	Consensus		Difference (%)	2024e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	19.9	20.3	24.8				-18%	103
EBITDA	0.4	1.2	1.9				-36%	6.1
EBIT (adj.)	-1.0	-0.1	0.5				-119%	0.7
EBIT	3.2	-0.1	0.5				-119%	0.7
PTP	2.7	-0.7	0.1				-768%	-1.7
EPS (adj.)	-0.16	-0.07	0.01				-770%	-0.17
EPS (reported)	0.28	-0.07	0.01				-784%	-0.17
Revenue growth-%	-19.1 %	1.7 %	24.3 %				-22.6 pp	0.1 %
EBIT-% (adj.)	-5.2 %	-0.5 %	2.0 %				-2.5 pp	0.6 %

Source: Inderes

Moderate cuts in forecasts

Busy times ahead

Componenta maintained its revenue and earnings guidance for 2024, so the rest of the year will be busy. Our forecast changes for 2024-2026 are downward, but quite small in euro terms.

Volumes on the horizon in Q4

Despite the underperformance in Q3 and weaker market comments, Componenta maintained its guidance for 2024 (revenue and EBITDA to improve from 2023). For Q4'24 this means at least 46% year-on-year revenue growth and an EBITDA margin of 6.8%. Although Componenta said that the acquisition of Fortaco on October 1 had no impact on the guidance, it's not exactly a bad thing either. Componenta said that its volume expectations for Q4 are based on growth in new volume products and spoke of a "moderate bounce" in Q4 revenue. We also believe that increased deliveries, especially to the Finnish Defence Forces and possibly also to the energy sector, will play a major role in Q4 volumes. During the conference call, Componenta said that Q4 "has the potential to be a solid quarter".

Market outlook slowly improving

The situation of Componenta's customers is now showing signs of improvement, for example due to lower interest rates. However, the volumes in the agricultural machinery market are not expected to improve until H2'25. On the other hand, machine building is showing some signs of picking up and projects in the energy sector have started to take off as the need for balancing power has increased. The situation with regard to volumes to be delivered to the Defence Forces remains good, and the delivery of shells for mortar rounds of up to 50 MEUR, announced in late spring, will start next year.

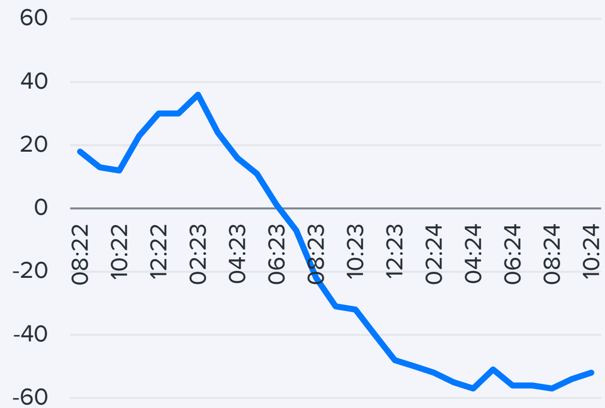
2025-2026 estimates moderately lowered

We continue to believe in Componenta's guidance for 2024, although it may be difficult to achieve, especially in terms of revenue. Our earnings forecast changes for 2024 are significant in percentage terms, due to the small numbers. Our revenue forecasts for 2025-2026 reflect the deferral in volume development already seen in the Q3'24 figures. However, growth in these years is still driven by 1) the integration of the Fortaco acquisition; 2) the aforementioned deal with the Defence Forces; and 3) growth in the energy sector. Our revenue growth forecasts for 2025 and 2026 are now +18% year-on-year (+21% y/y) and +13% year-on-year (+14% y/y), respectively. Our EBITDA margin forecasts remain nearly unchanged: 2025: 9.0% (9.0%) and 10.0% (9.8%). This is supported by, among other things, the easing of the energy and raw material markets.

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	103	102	-1%	124	121	-3%	142	136	-4%
EBITDA	6.1	5.7	-7%	11.2	10.9	-2%	13.9	13.6	-2%
EBIT (exc. NRIs)	0.7	0.2	-70%	5.1	4.8	-5%	7.7	7.5	-4%
EBIT	0.7	0.2	-70%	5.1	4.8	-5%	7.7	7.5	-4%
PTP	-1.7	-2.1	-23%	3.3	3.0	-9%	6.1	5.8	-5%
EPS (excl. NRIs)	-0.17	-0.21	-23%	0.34	0.31	-9%	0.63	0.60	-5%
DPS	0.00	0.00		0.14	0.14	0%	0.26	0.25	-4%

Source: Inderes

European Agricultural Machinery Industry (CEMA) index



Source: CEMA

Undervaluation is apparent

Volumes to boost earnings and share price

Componenta's volume development in Q3 was disappointing and profitability was decent in comparison. However, based on Componenta's indicators and our own analysis, the trend is now upwards, although there is uncertainty about the rate of growth. Future volume growth will be supported by 1) the improving demand outlook for the customer industries as a whole; 2) the ramp-up of new volume products that has already taken place; 3) the large order from the Finnish Defence Forces; and 4) the acquisition of Fortaco's Kalajoki and Sepänkylä units completed in October. At the same time, Componenta's strengths of close relationships with well-known customers, improved cost flexibility and a still strong balance sheet remain unchanged. Volume development in agricultural machinery (Valtra) remains risky From a profitability point of view, the main uncertainties relate to the increase in the volume of units acquired from Fortaco and the success in getting the pricing mechanisms right.

Taking these risks into account, we believe that Componenta's worst phase as an investment is behind us. The current valuation of the stock supports a positive recommendation by almost all measures. We therefore reiterate our Accumulate recommendation. The impact of our forecast changes is reflected in a lowering of the target price to EUR 3.30 (previously EUR 3.60). Investors should be prepared to wait for a while, as we do not see any major price drivers in the news flow in the very near future. The risk of a profit warning related to the performance in Q4'24 cannot be ruled out either, for the reasons explained above.

Risk-adjusted return still attractive

According to our calculations, the total expected return on Componenta's share (upside potential based on earnings growth and expected change in valuation multiples plus dividend yield) clearly exceeds the required return. With the 2025 EV/EBIT calculation (EV/EBIT = 9x), the total return is +14% p.a. (upside potential +10 % and dividend yield +4%), which exceeds the ROE requirement of 12%. With a P/E-based calculation (2025e P/E = 11x), the total expected return is higher at +19% p.a. (upside potential +15% and dividend yield +4%). Overall, the stock's risk-adjusted return is attractive.

Hefty discount in peer valuation

All of Componenta's key valuation multiples for 2025 are well below the peer group median. The discount of EV/EBITDA, EV/EBIT and P/E multiples is -35...-55%, clearly more than the -20...-30% we believe is justified. All in all, the stock is also cheaply priced on a peer basis.

DCF upside is considerable

The DCF model indicates Componenta a share value of EUR 4.3, with an upside of +52%. The parameters of the DCF model involve a substantial leverage effect in both directions, but overall, the upside is significant. A more detailed calculation can be found in the appendices.

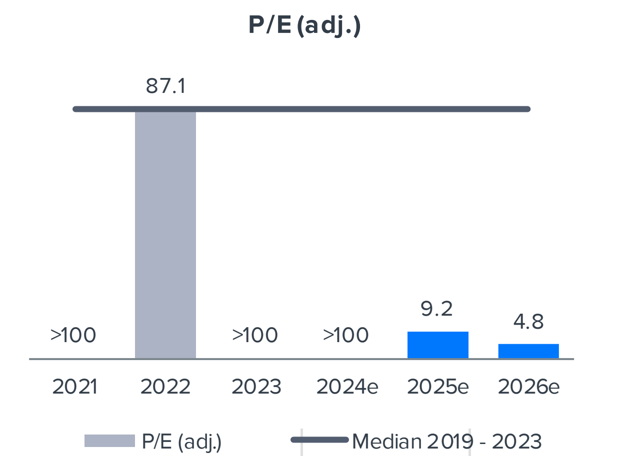
Valuation	2024e	2025e	2026e
Share price	2.85	2.85	2.85
Number of shares, millions	9.71	9.71	9.71
Market cap	28	28	28
EV	44	40	36
P/E (adj.)	>100	9.2	4.8
P/E	>100	9.2	4.8
P/B	1.2	1.0	0.9
P/S	0.3	0.2	0.2
EV/Sales	0.4	0.3	0.3
EV/EBITDA	7.7	3.7	2.6
EV/EBIT (adj.)	>100	8.2	4.8
Payout ratio (%)	0.0 %	45.4 %	41.7 %
Dividend yield-%	0.0 %	4.9 %	8.8 %

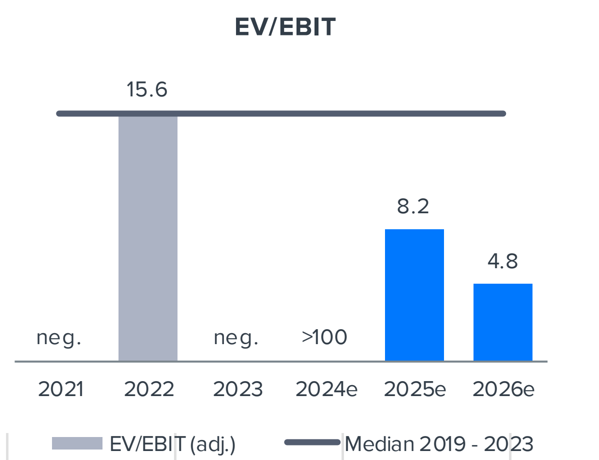
Source: Inderes

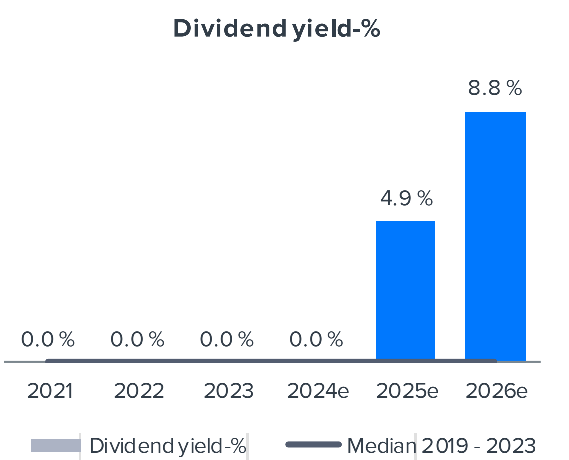
Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price		3.16	3.34	2.34	2.35	**2.85**	**2.85**	**2.85**	**2.85**
Number of shares, millions	237.3	9.49	9.52	9.71	9.71	**9.71**	**9.71**	**9.71**	**9.71**
Market cap		30	32	23	23	**28**	**28**	**28**	**28**
EV	8.7	27	39	28	32	**44**	**40**	**36**	**31**
P/E (adj.)	>100	>100	>100	87.1	>100	**>100**	**9.2**	**4.8**	**3.8**
P/E	>100	>100	>100	>100	14.7	**>100**	**9.2**	**4.8**	**3.8**
P/B	0.0	1.3	1.4	1.0	0.9	**1.2**	**1.0**	**0.9**	**0.8**
P/S	0.0	0.4	0.4	0.2	0.2	**0.3**	**0.2**	**0.2**	**0.2**
EV/Sales	0.2	0.4	0.4	0.3	0.3	**0.4**	**0.3**	**0.3**	**0.2**
EV/EBITDA	5.5	7.3	7.8	3.9	6.0	**7.7**	**3.7**	**2.6**	**2.1**
EV/EBIT (adj.)	neg.	neg.	neg.	15.6	neg.	**>100**	**8.2**	**4.8**	**3.7**
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	**0.0 %**	**45.4 %**	**41.7 %**	**46.9 %**
Dividend yield-%		0.0 %	0.0 %	0.0 %	0.0 %	**0.0 %**	**4.9 %**	**8.8 %**	**12.3 %**

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**
Norrhydro	20	20		20.1	10.1	10.1	0.7	0.6					2.4
Castings plc	141	102	4.3	9.6	3.0	4.6	0.4	0.5	7.5	15.8	6.6	6.8	
Georg Fischer	5419	7652	16.2	14.4	12.1	10.9	1.5	1.5	18.7	15.7	2.2	2.3	44.4
ElringKlinger	257	700	11.9	7.2	3.7	3.2	0.4	0.4	6.1	5.0	4.9	5.8	0.3
Kesla	12	25	24.9	12.4	8.3	6.2	0.6	0.5	25.7	10.0	1.9	4.4	0.9
Ponsse	638	682	19.2	13.7	9.8	8.2	0.9	0.9	48.2	17.9	2.0	2.9	2.0
Wärtsilä	10621	10224	15.1	13.1	12.4	11.1	1.6	1.4	22.0	19.0	2.3	2.7	4.2
AGCO	6838	9841	9.8	10.6	7.6	8.2	0.9	0.9	12.5	13.7	3.7	2.4	1.7
Componenta Oyj (Inderes)	**28**	**44**	**218.2**	**8.2**	**7.7**	**3.7**	**0.4**	**0.3**	**n.a.**	**9.2**	**0.0**	**4.9**	**1.2**
Average			**14.5**	**12.6**	**8.4**	**7.8**	**0.9**	**0.8**	**20.1**	**13.9**	**3.4**	**3.9**	**8.0**
Median			**15.1**	**12.8**	**9.0**	**8.2**	**0.8**	**0.8**	**18.7**	**15.7**	**2.3**	**2.9**	**2.0**
Diff-% to median			***1341%***	***-35%***	***-15%***	***-55%***	***-46%***	***-56%***		***-41%***	***-100%***	***72%***	***-40%***

Source: Refinitiv / Inderes

Income statement

Income statement	2021	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue	**87.3**	**109**	**102**	**23.6**	**26.4**	**20.3**	**32.1**	**102**	**121**	**136**	**144**
Group	87.3	109	102	23.6	26.4	20.3	32.1	102	121	136	144
EBITDA	**5.0**	**7.1**	**5.3**	**-0.2**	**2.1**	**1.2**	**2.6**	**5.7**	**10.9**	**13.6**	**14.8**
Depreciation	-4.9	-5.5	-1.5	-1.6	-1.2	-1.3	-1.5	-5.5	-6.1	-6.2	-6.3
EBIT (excl. NRI)	**-0.8**	**1.8**	**-0.5**	**-1.7**	**0.9**	**-0.1**	**1.1**	**0.2**	**4.8**	**7.5**	**8.5**
EBIT	**0.0**	**1.6**	**3.8**	**-1.7**	**0.9**	**-0.1**	**1.1**	**0.2**	**4.8**	**7.5**	**8.5**
Konserni	0.0	1.6	3.8	-1.7	0.9	-0.1	1.1	0.2	4.8	7.5	8.5
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
Net financial items	-0.4	-1.7	-2.2	-0.5	-0.6	-0.6	-0.5	-2.3	-1.9	-1.6	-1.2
PTP	**-0.4**	**-0.1**	**1.6**	**-2.3**	**0.3**	**-0.7**	**0.6**	**-2.1**	**3.0**	**5.8**	**7.3**
Taxes	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	**-0.4**	**0.1**	**1.5**	**-2.3**	**0.3**	**-0.7**	**0.6**	**-2.1**	**3.0**	**5.8**	**7.3**
EPS (adj.)	**-0.13**	**0.03**	**-0.28**	**-0.23**	**0.03**	**-0.07**	**0.06**	**-0.21**	**0.31**	**0.60**	**0.75**
EPS (rep.)	**-0.04**	**0.01**	**0.16**	**-0.23**	**0.03**	**-0.07**	**0.06**	**-0.21**	**0.31**	**0.60**	**0.75**

Key figures	2021	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	24.6 %	25.0 %	-6.7 %	-23.3 %	-10.4 %	1.7 %	48.2 %	0.6 %	17.7 %	13.2 %	5.4 %
Adjusted EBIT growth-%		-318.4 %	-126.8 %	-224.6 %	-18.7 %	-91.0 %	-156.5 %	-142.7 %	2303.0 %	53.7 %	13.9 %
EBITDA-%	5.7 %	6.5 %	5.2 %	-0.6 %	7.8 %	6.0 %	8.0 %	5.6 %	9.0 %	10.0 %	10.3 %
Adjusted EBIT-%	-0.9 %	1.6 %	-0.5 %	-7.3 %	3.5 %	-0.5 %	3.4 %	0.2 %	4.0 %	5.5 %	5.9 %
Net earnings-%	-0.5 %	0.1 %	1.5 %	-9.6 %	1.1 %	-3.3 %	1.8 %	-2.0 %	2.5 %	4.3 %	5.0 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	**32.8**	**36.6**	**38.6**	**38.6**	**38.7**
Goodwill	3.2	3.2	3.2	3.2	3.2
Intangible assets	2.0	2.0	2.1	2.2	2.2
Tangible assets	27.0	31.0	32.9	32.8	32.8
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	0.5	0.4	0.5	0.5	0.5
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	**25.8**	**20.7**	**23.6**	**26.3**	**29.8**
Inventories	13.3	12.6	14.3	15.3	17.3
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	3.9	2.8	4.2	5.0	5.6
Cash and equivalents	8.6	5.3	5.1	6.0	6.8
Balance sheet total	**58.6**	**57.3**	**62.3**	**64.9**	**68.5**

Source: Inderes

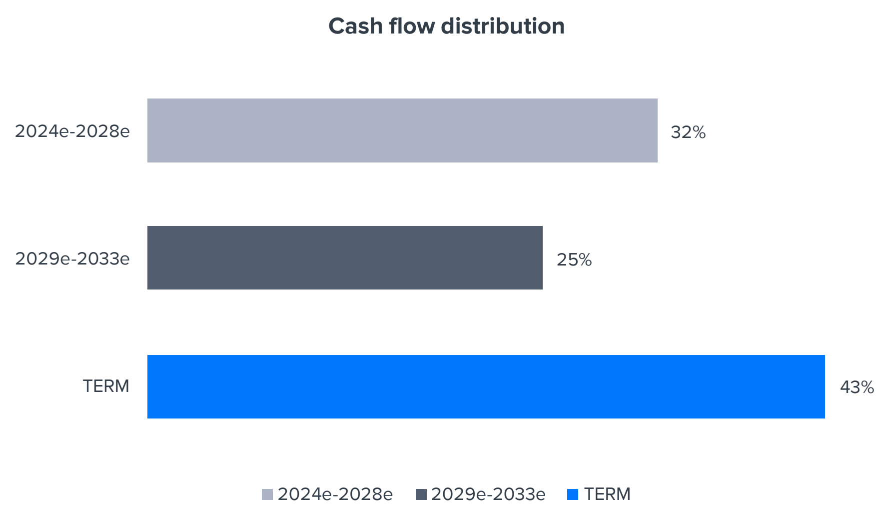
Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	**23.9**	**25.6**	**23.5**	**26.5**	**30.9**
Share capital	1.0	1.0	1.0	1.0	1.0
Retained earnings	3.2	4.8	2.7	5.7	10.2
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	19.7	19.8	19.8	19.8	19.8
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**10.9**	**12.3**	**17.4**	**15.0**	**12.5**
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.4	0.3	0.4	0.4	0.4
Korolliset velat	9.9	11.3	16.4	14.1	11.5
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.7	0.6	0.6	0.6	0.6
Current liabilities	**23.8**	**19.5**	**21.4**	**23.4**	**25.0**
Korolliset velat	3.6	3.1	5.1	4.3	3.4
Payables	20.2	16.4	16.4	19.2	21.6
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**58.6**	**57.3**	**62.3**	**64.9**	**68.5**

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-6.7 %	0.6 %	17.7 %	13.2 %	5.4 %	4.5 %	4.1 %	3.7 %	3.3 %	2.9 %	2.5 %	2.5 %
EBIT-%	3.7 %	0.2 %	4.0 %	5.5 %	5.9 %	5.6 %	5.2 %	4.9 %	4.6 %	3.8 %	3.5 %	3.5 %
EBIT (operating profit)	**3.8**	**0.2**	**4.8**	**7.5**	**8.5**	**8.4**	**8.2**	**8.0**	**7.7**	**6.6**	**6.2**	
+ Depreciation	1.5	5.5	6.1	6.2	6.3	6.3	6.3	6.4	6.5	6.6	6.7	
- Paid taxes	0.0	0.0	0.0	0.0	0.0	-1.2	-1.5	-1.4	-1.4	-1.2	-1.1	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	-0.2	-0.2	-0.2	-0.2	-0.2	-0.1	
+ 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	-2.0	-3.1	1.0	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.4	-0.3	
Operating cash flow	**3.3**	**2.6**	**11.9**	**13.3**	**14.6**	**13.1**	**12.7**	**12.6**	**12.4**	**11.4**	**11.4**	
+ Change in other long-term liabilities	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-5.4	-7.5	-6.1	-6.2	-6.4	-6.6	-6.7	-6.9	-7.1	-7.3	-7.3	
Free operating cash flow	**-2.2**	**-5.0**	**5.9**	**7.1**	**8.2**	**6.6**	**5.9**	**5.6**	**5.3**	**4.1**	**4.1**	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-2.2	-5.0	5.9	7.1	8.2	6.6	5.9	5.6	5.3	4.1	4.1	54.0
Discounted FCFF		**-4.9**	**5.3**	**5.8**	**6.0**	**4.4**	**3.6**	**3.1**	**2.6**	**1.9**	**1.7**	**21.9**
Sum of FCFF present value		51.1	56.0	50.8	45.0	39.0	34.7	31.1	28.0	25.4	23.6	21.9
Enterprise value DCF		**51.1**										
- Interest bearing debt		-14.4										
+ Cash and cash equivalents		5.3										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		**42.0**										
Equity value DCF per share		**4.3**										

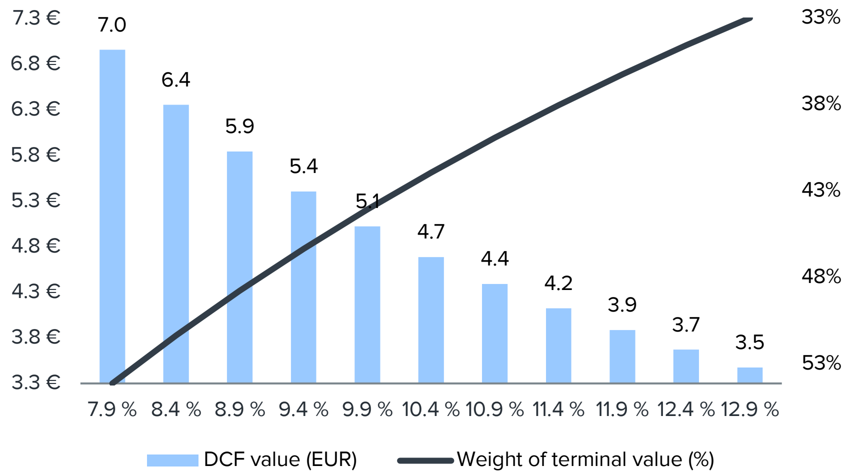
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	20.0 %
Cost of debt	4.5 %
Equity Beta	1.80
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	**12.1 %**
Weighted average cost of capital (WACC)	**10.4 %**

Source: Inderes

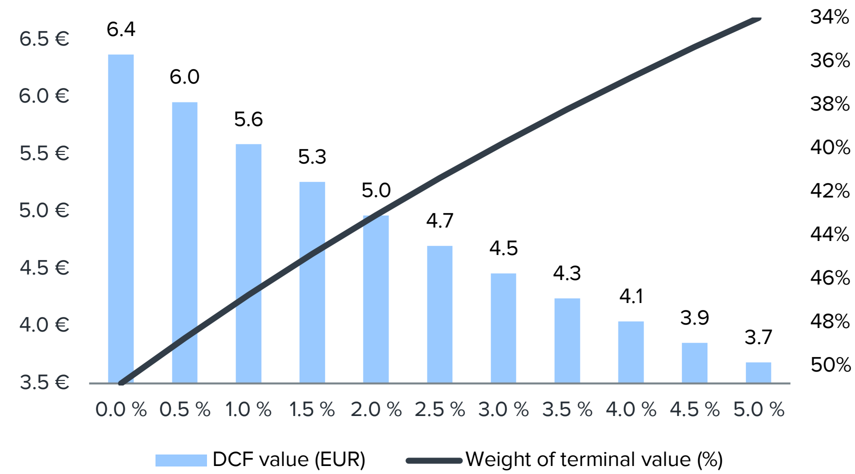


DCF sensitivity calculations and key assumptions in graphs

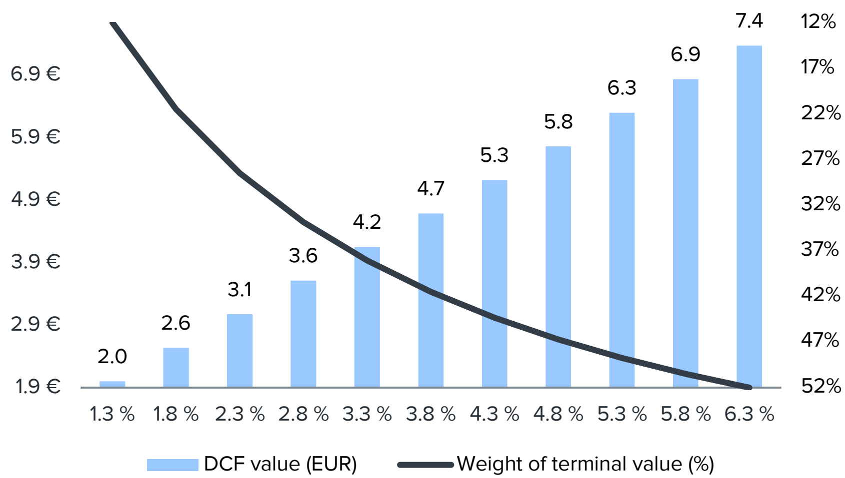
Sensitivity of DCF to changes in the WACC-%



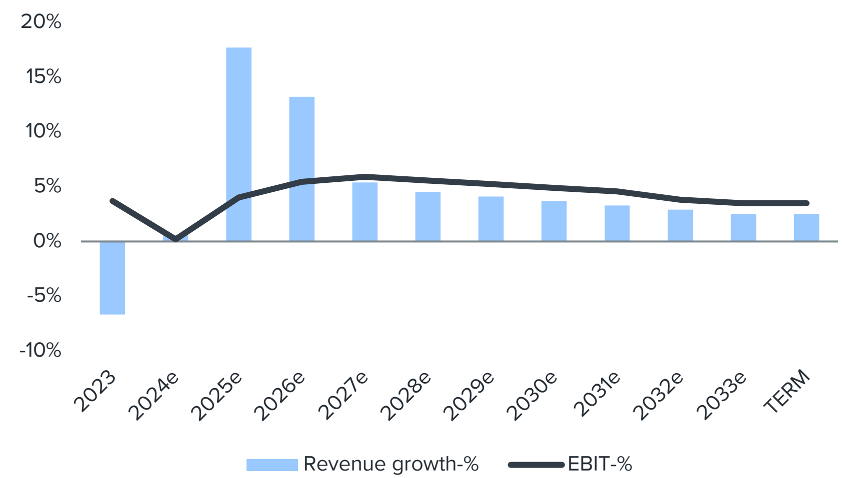
Sensitivity of DCF to changes in the risk-free rate



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
Revenue	87.3	109.1	101.8	**102.4**	**120.5**
EBITDA	5.0	7.1	5.3	**5.7**	**10.9**
EBIT	0.0	1.6	3.8	**0.2**	**4.8**
PTP	-0.4	-0.1	1.6	**-2.1**	**3.0**
Net Income	-0.4	0.1	1.5	**-2.1**	**3.0**
Extraordinary items	0.8	-0.2	4.2	**0.0**	**0.0**

Balance sheet	2021	2022	2023	2024e	2025e
Balance sheet total	55.5	58.6	57.3	**62.3**	**64.9**
Equity capital	23.5	23.9	25.6	**23.5**	**26.5**
Goodwill	3.2	3.2	3.2	**3.2**	**3.2**
Net debt	6.7	4.8	9.1	**16.3**	**12.3**

Cash flow	2021	2022	2023	2024e	2025e
EBITDA	5.0	7.1	5.3	**5.7**	**10.9**
Change in working capital	-2.3	0.9	-2.0	**-3.1**	**1.0**
Operating cash flow	2.6	7.6	3.3	**2.6**	**11.9**
CAPEX	-2.0	-4.4	-5.4	**-7.5**	**-6.1**
Free cash flow	-8.9	2.8	-2.2	**-5.0**	**5.9**

Valuation multiples	2021	2022	2023	2024e	2025e
EV/S	0.4	0.3	0.3	**0.4**	**0.3**
EV/EBITDA	7.8	3.9	6.0	**7.7**	**3.7**
EV/EBIT (adj.)	neg.	15.6	neg.	**>100**	**8.2**
P/E (adj.)	>100	87.1	>100	**>100**	**9.2**
P/B	1.4	1.0	0.9	**1.2**	**1.0**
Dividend-%	0.0 %	0.0 %	0.0 %	**0.0 %**	**4.9 %**

Source: Inderes

Per share data	2021	2022	2023	2024e	2025e
EPS (reported)	-0.04	0.01	0.16	**-0.21**	**0.31**
EPS (adj.)	-0.13	0.03	-0.28	**-0.21**	**0.31**
OCF / share	0.27	0.78	0.34	**0.26**	**1.23**
FCF / share	-0.93	0.29	-0.23	**-0.51**	**0.61**
Book value / share	2.46	2.46	2.63	**2.42**	**2.73**
Dividend / share	0.00	0.00	0.00	**0.00**	**0.14**

Growth and profitability	2021	2022	2023	2024e	2025e
Revenue growth-%	25%	25%	-7%	**1%**	**18%**
EBITDA growth-%	32%	43%	-26%	**8%**	**91%**
EBIT (adj.) growth-%	-72%	-318%	-127%	**-143%**	**2303%**
EPS (adj.) growth-%	-70%	-121%	-1130%	**-23%**	**-245%**
EBITDA-%	5.7 %	6.5 %	5.2 %	**5.6 %**	**9.0 %**
EBIT (adj.)-%	-0.9 %	1.6 %	-0.5 %	**0.2 %**	**4.0 %**
EBIT-%	0.0 %	1.4 %	3.7 %	**0.2 %**	**4.0 %**
ROE-%	-1.7 %	0.3 %	6.3 %	**-8.4 %**	**12.0 %**
ROI-%	3.2 %	4.3 %	9.9 %	**0.7 %**	**11.0 %**
Equity ratio	42.3 %	40.8 %	44.6 %	**37.7 %**	**40.8 %**
Gearing	28.6 %	20.2 %	35.6 %	**69.6 %**	**46.4 %**

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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	Share price
9/19/2023	Accumulate	3.20 €	2.73 €
9/27/2023	Accumulate	3.20 €	2.90 €
11/6/2023	Accumulate	3.00 €	2.55 €
1/15/2024	Buy	3.00 €	2.27 €
3/3/2024	Buy	3.00 €	2.32 €
5/7/2024	Buy	2.80 €	2.31 €
6/6/2024	Accumulate	3.60 €	3.30 €
7/23/2024	Accumulate	3.60 €	3.04 €
11/3/2024	Accumulate	3.30 €	2.85 €

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