

Revenio Group

Company report

8/3/2023



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✓ Inderes corporate customer

This report is a summary translation of the report “Tutkitaan ennen kuin hutkitaan enempää” published on 08/03/2023 at 8:00 am EEST

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Let's investigate before we jump to any further conclusions

We cut Revenio's target price to EUR 26.0 (was EUR 38.0) but raise our recommendation to Accumulate (was Reduce). A profit warning weighed on the stock yesterday, which was largely justified as earnings growth turned negative. However, on current information, we expect the weakness to be temporary and the company to return to earnings growth next year. With this, the valuation (2024e EV/EBIT 19x) is reasonable after the collapse. However, the surprisingly sharp deceleration keeps risks elevated and raises concerns, which we will address in the Q2 report.

Negative profit warning surprises markets

On Tuesday, Revenio lowered its 2023 guidance for net sales development. The company expects FX-adjusted net sales growth to be 1-5% in 2023, when previously net sales were estimated to "grow strongly". Moreover, given the EUR/USD headwinds, growth is likely to come to a complete standstill this year. Revenio still expects profitability to be at a "good level" excluding non-recurring items, but the significant reduction in the net sales forecast combined with a gross margin of around 70% still means a sharp decline in earnings forecasts. In the face of cost inflation, Revenio would have to make significant savings to reverse this, which we believe is unlikely. The profit warning was based on the difficult market environment, which the company expects to affect the demand for its products and thus its net sales during the rest of 2023. There have been many uncertainties, but the sharp slowdown was a big surprise. We already commented on the profit warning [yesterday morning](#).

Earnings estimates for 2023-2024 down by around 20%

We have cut our 2023 net sales growth forecast to zero, taking into account the likely headwinds from the EUR/USD exchange rate. Previously, we expected growth of around 14%, which would have implied over EUR 13 million higher net sales in 2023. With a gross margin of around 70%, this would leave a gap of more than EUR 9 million in the sales margin, which would inevitably have an impact on profitability. We now forecast EBIT margin in 2023 to be around 25.8% (prev. 29.0%), which we assume is still at a "good level". We expect the company to make certain savings in a slower growth environment, which will allow the company to protect its profitability to some extent. We cut our 2023 earnings estimates by more than 20% and next year's estimates by just under 20%. Next year's demand situation is difficult to assess, but we expect the company to return to a clear growth path in Q2'24 with market fundamentals unchanged. However, the starting level in our estimates is significantly lower, and we do not expect a rapid swing to the "trend line". Our estimates will become more accurate after the Q2'23 report (August 10) when we know more about the reasons for the slowdown, but for now we expect the demand dip to be temporary.

Valuation brought down to mortal levels reflecting fundamentals

The exceptional profit warning for Revenio derailed the company's earnings growth story, which means that the acceptable valuation must also be reassessed. With the updated projections, the 2023 multiples (adj. EV/EBIT below 24x) is still high given the absence of a earnings growth driver. However, if the company's earnings growth story is back on track in 2024, the valuation is already reasonable (2024e adj. EV/EBIT below 19x) for a quality company and also below the median of the company's peer group for a really long time. Valuation has returned to the level of mere mortals, reflecting weaker earnings growth and concerns about the sustainability of problems. The strong share price drop also makes the company a more interesting takeover target, and we would not be surprised if Demant (which owned more than 16% of Revenio as of July 31) had already bought more after the profit warning. This is an area of interest for the near future.

Recommendation

Accumulate

(previous Reduce)

EUR 26.00

(previous EUR 38.00)

Share price:

24.08



Key figures

	2022	2023e	2024e	2025e
Revenue	97	98	110	129
growth-%	23%	1%	12%	18%
EBIT adj.	30.9	26.3	32.6	40.7
EBIT-% adj.	31.8 %	27.0 %	29.7 %	31.5 %
Net Income	21.8	18.6	24.0	30.3
EPS (adj.)	0.86	0.74	0.95	1.19
P/E (adj.)	44.6	32.3	25.4	20.3
P/B	11.3	6.4	5.5	4.8
Dividend yield-%	0.9 %	1.3 %	1.9 %	2.6 %
EV/EBIT (adj.)	32.9	23.6	18.5	14.4
EV/EBITDA	30.6	21.4	17.0	13.4
EV/S	10.5	6.4	5.5	4.5

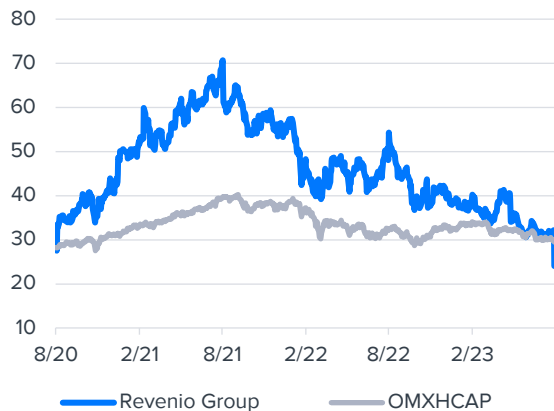
Source: Inderes

Guidance

(Lowered)

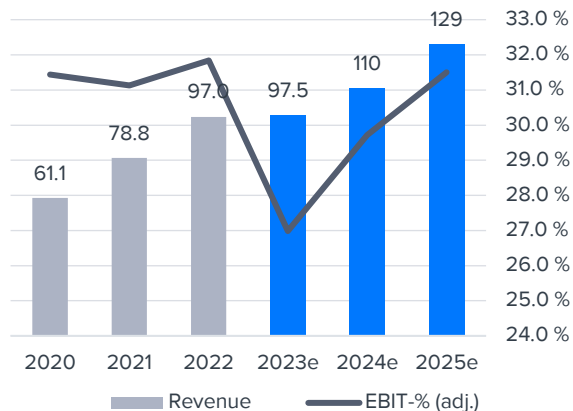
Revenio Group's exchange rate-adjusted net sales growth is estimated to be between 1 - 5 percent compared to the previous year and profitability, excluding non-recurring items, is estimated to remain at a good level.

Share price



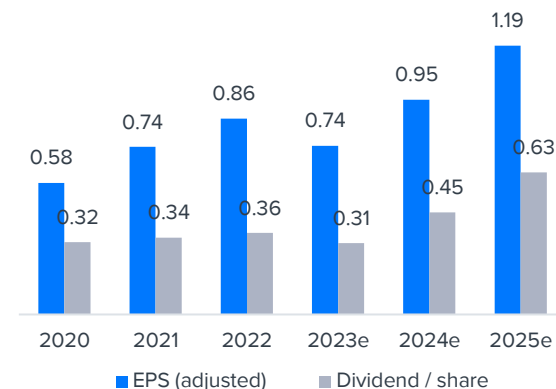
Source: Millstream Market Data AB

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
- Uncertain demand outlook in the short term
- Success in strong growth of imaging devices
- Success of growth investments (new products)
- High valuation level of the share poses a risk for investors

Valuation	2023e	2024e	2025e
Share price	24.1	24.1	24.1
Number of shares, million	26.6	26.6	26.6
Market cap	640	640	640
EV	621	603	584
P/E (adj.)	32.3	25.4	20.3
P/E	34.4	26.7	21.1
P/FCF	35.7	24.1	20.9
P/B	6.4	5.5	4.8
P/S	6.6	5.8	5.0
EV/Sales	6.4	5.5	4.5
EV/EBITDA	21.4	17.0	13.4
EV/EBIT (adj.)	23.6	18.5	14.4
Payout ratio (%)	45.0 %	50.0 %	55.0 %
Dividend yield-%	1.3 %	1.9 %	2.6 %

Source: Inderes

Lots of uncertainty around the Q2 result

Revenio will publish its Q2 report on Thursday August 10 at around 9.00 am (EEST). After the profit warning, the Q2 result is unlikely to be particularly good, but in the comments on the warning the company mainly referred to anticipating a slowdown in demand. Therefore, it may be that the Q2 result is still good, and the slowdown occurs mostly in H2. There is now an exceptional degree of uncertainty about the developments. However, we have already significantly lowered our Q2 estimates and expect the result to deteriorate significantly from the strong comparison period. In addition to the development of the core business, the report is interesting in comments on the development of growth initiatives (in particular HOME2 and ILLUME).

Net sales may turn down

After the profit warning, we expect Revenio's net sales to have turned slightly down in Q2 to around EUR 24.0 million. This is against the backdrop of a clear weakening in demand assumed through the profit warning, the negative development of the USD/EUR exchange rate and a very strong comparison period. However, it may be that Q2 growth will still be solid, and weakness will only be seen in H2. The profit warning did not give any advance information on Q2 performance, so the

pressure may be on H2.

The sensitivity of previously growth-driven imaging devices (in particular iCare DRS+ and EIDON Ultra-Widefield) to changes in interest rates, for example, is expected to be higher as they represent a more expensive investment for customers. Still, we expect imaging devices to have grown in Q2, and we anticipate the decline to come from tonometers (momentum already slowed earlier) and from the EUR/USD exchange rate. About half of Revenio's net sales comes from the US in dollars, and dollars are now worth less in euros. For tonometers, support will come in particular from defensive probe sales if new devices are now in a quieter period.

We forecast Q2 earnings to decline

We estimate Revenio's Q2 EBIT to be EUR 6.0 million (Q2'22: 7.1 MEUR). This would mean an EBIT margin of 25.0%, which is weakish by Revenio standards. The company has high gross margins (over 70%), so the projected decline in net sales will also be directly reflected in profitability. Due to cost inflation on the one hand and the company's own investments on the other, there has been a clear upward pressure on the company's fixed costs. We therefore expect expenses to grow faster than net sales and thus

relative profitability to weaken from the strong comparison period. On the other hand, as the market has slowed down, Revenio has probably also taken a closer look at its own costs. We believe that growth investments in digitalization (ILLUME and Oculo) have continued as normal. The big question for the bottom line is sales in the US, where there has supposedly been slight hiccups based on company comments. Profitability in the US is supported by its own direct sales (better margins compared than in distribution channels).

Guidance already received, now we are waiting for reasons behind it

The guidance in the Q2 report is known with the profit warning, but so far the reasons for the significant slowdown in growth (beyond macro factors) are unclear. It is critical to determine whether there are also longer-term or potential company-specific factors that could undermine Revenio's performance in the future. In its comments, the company has not referred to any company-specific factors. Of course, it will also be interesting to see when the company expects demand to pick up again and how deep the hole might be.

Estimates MEUR / EUR	Q2'22	Q2'23	Q2'23e	Q2'23e	Consensus		2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	24.4		24.0	26.1			97.5
EBIT	7.1		6.0	7.1			25.1
EPS (reported)	0.20		0.17	0.20			0.70
Revenue growth-%	29.5 %		-1.8 %	6.9 %			0.5 %
EBIT-%	29.2 %		25.0 %	27.2 %			25.8 %

Source: Inderes & Modular Finance (consensus gathered 8/2/2023, partly not updated)

Earnings estimates for 2023-2024 down by around 20%

Net sales growth has slowed down heavily

In its profit warning, Revenio estimates that the group's exchange rate-adjusted net sales growth to be 1-5% year-on-year in 2023. Previously, the company estimated strong growth in currency-adjusted net sales, so this is a significant change. It is also noteworthy that Revenio is guiding for *currency-adjusted* development, and at least the US dollar has turned against the company in 2023. The dollar has weakened against the euro over the year, with EUR/USD now around 1.10 (last year's average was 1.054). About half of Revenio's net sales comes from the United States and the share of earnings is even higher, through which the strong dollar has benefited the company (particularly last year). If the currency headwinds continue, Revenio's reported net sales could well fall from last year under the new guidance. In Q1, Revenio's net sales growth was still at a good level of almost 15%, so the deceleration for the rest of the year is expected to be significant.

We have cut our 2023 net sales growth forecast to zero, taking into account the likely headwinds from the EUR/USD exchange rate. Previously, we expected growth of around 14%, which would have

implied over EUR 13 million higher net sales in 2023. The final growth level will of course also depend on the performance of the EUR/USD currency pair in H2.

High gross margin makes net sales valuable

Revenio reiterated its guidance on profitability, estimating profitability at a good level excluding non-recurring items. We are not sure what "at a good level" means for Revenio, but we estimate it means an EBIT margin of around 25-30%. At Revenio's gross margin of around 70%, the previously mentioned net sales shortfall would leave a gap of more than EUR 9 million in the sales margin, which would in any case be reflected in the company's profitability.

We now forecast EBIT margin in 2023 to be around 25.8% (prev. 29.0%), which we assume is at a "good level". We assume that the company will make certain savings and limit front-loaded investments in a slower growth environment, which will allow the company to protect its profitability to some extent. Earnings estimates for 2023 were down by around 22%, which is a drastic change and may ultimately prove to be an overreaction.

We expect a return to profitable growth, but from a lower starting level

Next year's demand situation is difficult to assess, but we expect the company to return to a clear growth path in Q2'24 with market fundamentals unchanged. We also don't know about substantial changes in the competitive situation, but of course this will have to be verified in the Q2 report. In our forecasts, we therefore expect the market to have a "digesting period" of around 12 months before returning to normal growth. However, forecasting is now difficult.

While we expect a return to profitable growth in the coming years, the 2023 starting level is now significantly lower in our estimates and we do not expect a rapid correction upwards either. Our earnings forecasts for 2024 and 2025 went down by around 18% and 14% respectively. Forecasts will be more precise after the Q2'23 report (August 10), when we will know more about the reasons for the slowdown. For the time being, we expect the demand gap to be temporary, but visibility on this is currently weak.

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
	Old	New		Old	New		Old	New	
MEUR / EUR			%			%			%
Revenue	110.8	97.5	-12%	129	110	-15%	151	129	-15%
EBITDA	36.1	29.0	-20%	41.9	35.4	-16%	49.9	43.5	-13%
EBIT (exc. NRIs)	33.4	26.3	-21%	39.1	32.6	-17%	46.8	40.7	-13%
EBIT	32.2	25.1	-22%	38.0	31.4	-17%	45.6	39.5	-13%
PTP	31.5	24.4	-22%	37.8	31.1	-18%	45.6	39.4	-14%
EPS (excl. NRIs)	0.95	0.74	-22%	1.14	0.95	-17%	1.37	1.19	-13%
DPS	0.41	0.31	-23%	0.55	0.45	-18%	0.73	0.63	-14%

Valuation brought down to mortal levels

A bump in the road to an excellent investment story

It has been relatively easy to paint Revenio's 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.

Simultaneously, Revenio is maturing its future growth drivers (HOME2, ILLUME and Oculo), with which the company aims to transform itself from a high-quality equipment manufacturer to a total solutions provider. During the quarter, for example, iCare launched a distributor partnership with Evolucare (OphtAI) for AI solutions and the ILLUME screening solution expanded its use beyond diabetic retinopathy to screening for age-related macular degeneration and glaucoma. Comments on the company's growth initiatives are again of interest in the Q2 report.

New growth areas are critical for longer-term growth, as core business growth will inevitably start to slow gradually in the medium term. But now we witnessed a sudden stop, which came as a surprise to us. If it is just one bump in the road, the story gets back on track relatively quickly and the stock is now cheap. If there are bigger problems in the background, the investment story could be derailed. We will be wiser after the Q2 report.

Revenio's excellent track-record took a hit from the profit warning, but overall the sector still has strong structural long-term growth drivers and deep moats (patents, brand, slow-moving industry and high barrier of entry). The risk level is moderate, but clearly not as low as we previously estimated (we raised the risk rating by one notch). In addition, we believe that Revenio is both an interesting acquisition target (Demant) and that the company can expand its product portfolio through its own acquisitions. The strong share price drop also makes the company a

more interesting takeover target, and we would not be surprised if Demant (which owned more than 16% of Revenio as of July 31) had already bought more after the profit warning. This is an area of interest for the near future.

Valuation multiples fell below peers

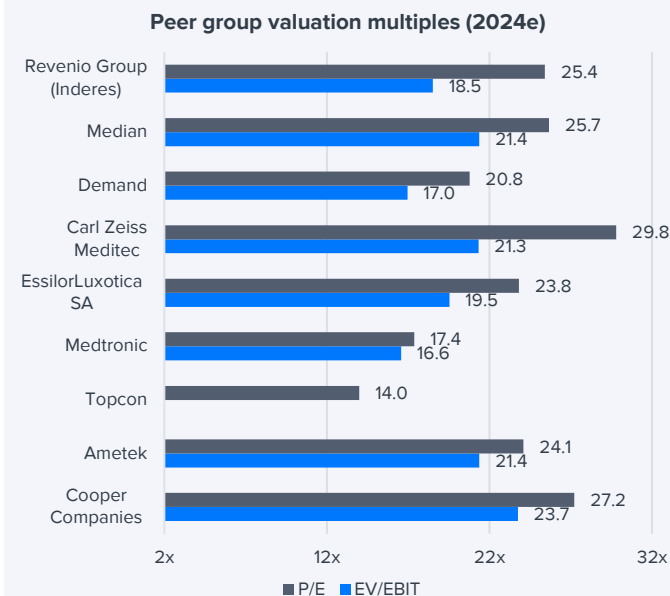
The exceptional profit warning for Revenio derailed the company's earnings growth story, at least temporarily, which means that the acceptable valuation must also be reassessed. However, this is difficult to do in a situation where the outlook for earnings growth is relatively foggy. The Revenio situation requires further investigation, but this can reasonably only be done in connection with the Q2 report (August 10). Then, hopefully, the visibility will improve, which means that the view presented in this update will be temporary.

With the updated projections, the 2023 multiples (adj. EV/EBIT below 24x) is still high given the absence of a profit growth driver. However, if the company's earnings growth story is back on track in 2024, the valuation is already reasonable (2024e adj. EV/EBIT below 19x) for a quality company in an industry where competitive advantages are relatively stable and valuations therefore high.

For the first time in a long while, Revenio's valuation has also fallen below the peer group median when looking at EV/EBIT and EV/EBITDA multiples for 2023-2024. After disappointments, the valuation have returned to mere mortal levels, reflecting weaker earnings growth and concerns about the sustainability of challenges. At the same time, the previously extremely high expectations of the company have been brought down to a human level, through which we may also see positive surprises in the near future.

Valuation	2023e	2024e	2025e
Share price	24.1	24.1	24.1
Number of shares, millions	26.6	26.6	26.6
Market cap	640	640	640
EV	621	603	584
P/E (adj.)	32.3	25.4	20.3
P/E	34.4	26.7	21.1
P/FCF	35.7	24.1	20.9
P/B	6.4	5.5	4.8
P/S	6.6	5.8	5.0
EV/Sales	6.4	5.5	4.5
EV/EBITDA	21.4	17.0	13.4
EV/EBIT (adj.)	23.6	18.5	14.4
Payout ratio (%)	45.0 %	50.0 %	55.0 %
Dividend yield-%	1.3 %	1.9 %	2.6 %

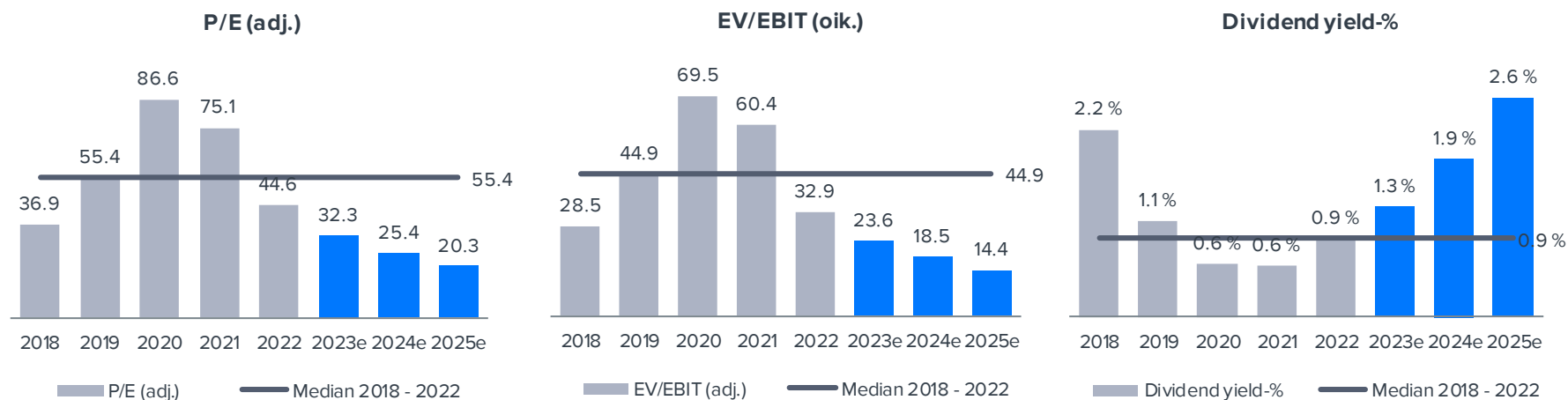
Source: Inderes



Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	12.6	26.3	50.3	55.6	38.6	24.1	24.1	24.1	24.1
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	640	640	640	640
EV	290	700	1335	1482	1015	621	603	584	564
P/E (adj.)	36.9	55.4	86.6	75.1	44.6	32.3	25.4	20.3	16.9
P/E	36.9	73.0	>100	85.7	47.1	34.4	26.7	21.1	17.4
P/FCF	36.0	neg.	>100	>100	48.7	35.7	24.1	20.9	17.4
P/B	16.6	10.8	19.2	18.9	11.3	6.4	5.5	4.8	4.2
P/S	9.8	14.1	21.9	18.8	10.6	6.6	5.8	5.0	4.2
EV/Sales	9.5	14.1	21.9	18.8	10.5	6.4	5.5	4.5	3.7
EV/EBITDA	27.1	47.9	61.5	57.7	30.6	21.4	17.0	13.4	10.8
EV/EBIT (adj.)	28.5	44.9	69.5	60.4	32.9	23.6	18.5	14.4	11.6
Payout ratio (%)	82.3 %	85.1 %	63.7 %	52.4 %	43.9 %	45.0 %	50.0 %	55.0 %	60.0 %
Dividend yield-%	2.2 %	1.1 %	0.6 %	0.6 %	0.9 %	1.3 %	1.9 %	2.6 %	3.4 %

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	837	826	25.6	21.6	23.0	19.7	7.6	6.6	33.8	28.3	1.3	1.5
Cooper Companies	17587	19890	26.6	23.7	21.5	19.3	6.1	5.8	30.5	27.2	0.0	0.0
Ametek	33507	34952	23.1	21.4	19.1	18.0	5.8	5.5	25.9	24.1	0.6	0.6
Topcon	1197	1517			7.8	7.5	1.1	1.1	14.4	14.0	2.4	2.5
Medtronic	106249	121356	16.2	16.6	14.3	14.7	4.3	4.1	16.6	17.4	3.1	3.2
EssilorLuxotica SA	81003	91728	20.8	19.5	13.7	12.7	3.6	3.4	26.4	23.8	1.9	2.1
Carl Zeiss Meditec	9257	9504	24.8	21.3	21.1	18.2	4.5	4.1	34.5	29.8	1.0	1.2
Demand	7985	9843	18.5	17.0	14.2	13.1	3.4	3.2	24.3	20.8		
Optomed (Inderes)	54	56				183.3	3.5	2.7				
Revenio Group (Inderes)	640	621	23.6	18.5	21.4	17.0	6.4	5.5	32.3	25.4	1.3	1.9
Average			31.5	24.4	20.2	32.6	4.6	4.2	40.3	29.1	1.3	1.4
Median			24.2	21.4	20.0	18.2	4.5	4.1	28.1	25.7	1.0	1.2
Diff-% to median			-2%	-13%	7%	-6%	41%	33%	15%	-1%	26%	62%

Source: Refinitiv / Inderes

Income statement

Income statement	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	61.1	78.8	20.2	24.4	24.1	28.3	97.0	23.2	24.0	23.3	27.1	97.5	110	129	151
Tonometers (estimate)	41.8	49.2	13.2	16.9	13.0	15.5	58.6	14.7	15.7	13.0	14.6	58.0	63.4	72.3	83.1
Imaging devices (estimate)	19.1	28.3	6.6	6.9	10.7	12.1	36.2	7.8	7.6	9.6	11.7	36.7	42.3	50.8	59.9
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	3.9	6.0	8.0
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	7.0	6.1	8.9	29.0	35.4	43.5	52.0
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	-4.1	-4.4
EBIT (excl. NRI)	19.2	24.5	5.9	7.4	8.0	9.6	30.9	6.5	6.3	5.4	8.2	26.3	32.6	40.7	48.8
EBIT	17.1	22.1	5.6	7.1	7.7	9.3	29.7	6.2	6.0	5.1	7.9	25.1	31.4	39.5	47.6
Net financial items	-0.4	0.0	0.3	-0.1	-0.1	-0.7	-0.6	-0.4	-0.1	-0.1	-0.1	-0.7	-0.3	-0.1	0.1
PTP	16.7	22.1	5.8	7.1	7.6	8.6	29.1	5.8	5.9	5.0	7.8	24.4	31.1	39.4	47.7
Taxes	-3.4	-4.8	-1.2	-1.7	-1.5	-2.9	-7.3	-1.5	-1.4	-1.1	-1.8	-5.8	-7.1	-9.1	-11.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	4.5	3.8	6.0	18.6	24.0	30.3	36.8
EPS (adj.)	0.58	0.74	0.18	0.22	0.24	0.23	0.86	0.17	0.18	0.15	0.24	0.74	0.95	1.19	1.43
EPS (rep.)	0.50	0.65	0.17	0.20	0.23	0.22	0.82	0.16	0.17	0.14	0.23	0.70	0.90	1.14	1.38

Key figures	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	23.4 %	29.1 %	20.6 %	29.5 %	24.1 %	18.9 %	23.1 %	14.9 %	-1.8 %	-3.6 %	-4.2 %	0.5 %	12.4 %	17.7 %	17.0 %
Adjusted EBIT growth-%		27.8 %	6.6 %	57.6 %	27.5 %	19.3 %	25.9 %	10.6 %	-15.3 %	-32.7 %	-15.1 %	-14.8 %	23.8 %	24.8 %	20.0 %
EBITDA-%	35.5 %	32.6 %	31.7 %	32.7 %	35.4 %	36.1 %	34.1 %	30.5 %	29.2 %	26.0 %	32.8 %	29.8 %	32.3 %	33.7 %	34.4 %
Adjusted EBIT-%	31.4 %	31.1 %	29.0 %	30.4 %	33.0 %	34.1 %	31.8 %	27.9 %	26.3 %	23.0 %	30.2 %	27.0 %	29.7 %	31.5 %	32.3 %
Net earnings-%	21.9 %	22.0 %	22.6 %	22.2 %	25.2 %	20.2 %	22.5 %	18.3 %	18.9 %	16.4 %	22.1 %	19.1 %	21.9 %	23.5 %	24.3 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	69.8	70.8	71.5	72.2	73.2
Goodwill	59.8	59.8	59.8	59.8	59.8
Intangible assets	4.2	4.3	4.8	5.2	5.7
Tangible assets	2.6	2.8	2.9	3.3	3.9
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.4	0.4	0.4	0.4
Other non-current assets	1.9	1.9	1.9	1.9	1.9
Deferred tax assets	1.3	1.6	1.6	1.6	1.6
Current assets	40.8	52.5	58.6	77.1	99.5
Inventories	6.4	6.7	7.8	7.7	9.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	9.2	13.7	13.7	14.2	16.8
Cash and equivalents	25.2	32.1	37.2	55.2	73.7
Balance sheet total	125	136	142	160	182

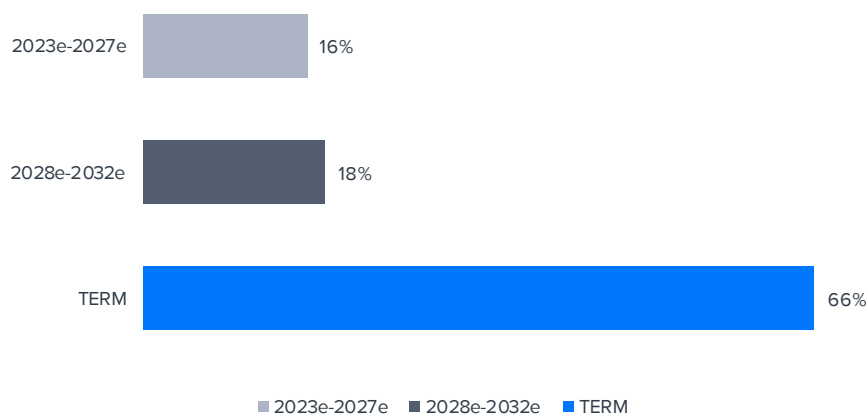
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	78.4	90.9	99.9	116	134
Share capital	5.3	5.3	5.3	5.3	5.3
Retained earnings	22.1	34.3	43.3	58.9	77.3
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	51.3	51.3	51.3
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	5.8	20.1	19.3	19.3	19.3
Deferred tax liabilities	3.6	3.7	3.7	3.7	3.7
Provisions	0.5	0.5	0.5	0.5	0.5
Long term 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	22.5	24.9	28.8
Short term debt	23.5	5.0	3.0	3.0	3.0
Payables	16.9	20.2	19.5	21.9	25.8
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	125	136	142	160	182

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	23.1 %	0.5 %	12.4 %	17.7 %	17.0 %	15.0 %	12.0 %	9.0 %	8.0 %	5.0 %	3.0 %	3.0 %
EBIT-%	30.6 %	25.8 %	28.6 %	30.6 %	31.5 %	31.0 %	30.0 %	29.0 %	29.0 %	28.0 %	28.0 %	28.0 %
EBIT (operating profit)	29.7	25.1	31.4	39.5	47.6	53.8	58.3	61.5	66.4	67.3	69.3	
+ Depreciation	3.4	3.9	4.0	4.1	4.4	4.7	5.1	5.5	5.8	6.1	6.3	
- Paid taxes	-7.5	-5.8	-7.1	-9.1	-11.0	-12.5	-13.5	-14.3	-15.4	-15.7	-16.1	
- Tax, financial expenses	-0.2	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	
+ Tax, financial income	0.0	0.1	0.1	0.1	0.2	0.2	0.3	0.3	0.3	0.3	0.4	
- Change in working capital	-1.5	-1.7	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	24.0	21.3	30.1	34.5	41.1	46.1	50.0	52.8	56.9	57.9	59.7	
+ 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	-3.4	-3.6	-3.9	-4.3	-5.2	-5.6	-5.9	-6.3	-6.3	-6.3	
Free operating cash flow	21.1	17.9	26.6	30.6	36.8	40.9	44.4	46.9	50.6	51.6	53.4	
+/- 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	17.9	26.6	30.6	36.8	40.9	44.4	46.9	50.6	51.6	53.4	1058
Discounted FCFF		17.4	23.8	25.3	28.1	28.9	29.0	28.3	28.2	26.6	25.4	504
Sum of FCFF present value		765	747	724	698	670	641	612	584	556	529	504
Enterprise value DCF		765										
- Interest bearing debt		-20.8										
+ Cash and cash equivalents		32.1										
-Minorities		0.0										
-Dividend/capital return		-9.6										
Equity value DCF		767										
Equity value DCF per share		28.8										

Cash flow distribution



WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	4.0 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.2 %
Weighted average cost of capital (WACC)	8.2 %

Source: Inderes

Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	61.1	78.8	97.0	97.5	109.6	EPS (reported)	0.50	0.65	0.82	0.70	0.90
EBITDA	21.7	25.7	33.1	29.0	35.4	EPS (adj.)	0.58	0.74	0.86	0.74	0.95
EBIT	17.1	22.1	29.7	25.1	31.4	OCF / share	0.59	0.85	0.90	0.80	1.13
PTP	16.7	22.1	29.1	24.4	31.1	FCF / share	0.50	0.25	0.79	0.67	1.00
Net Income	13.3	17.3	21.8	18.6	24.0	Book value / share	2.62	2.94	3.42	3.76	4.35
Extraordinary items	-2.1	-2.4	-1.2	-1.2	-1.2	Dividend / share	0.32	0.34	0.36	0.31	0.45
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	114.4	124.6	136.1	141.7	159.7	Revenue growth-%	23%	29%	23%	1%	12%
Equity capital	69.7	78.4	90.9	99.9	115.5	EBITDA growth-%	49%	18%	29%	-12%	22%
Goodwill	50.4	59.8	59.8	59.8	59.8	EBIT (adj.) growth-%	23%	28%	26%	-15%	24%
Net debt	-1.9	0.0	-11.3	-19.2	-37.2	EPS (adj.) growth-%	23%	27%	17%	-14%	27%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	35.5 %	32.6 %	34.1 %	29.8 %	32.3 %
EBITDA	21.7	25.7	33.1	29.0	35.4	EBIT (adj.)-%	31.4 %	31.1 %	31.8 %	27.0 %	29.7 %
Change in working capital	-2.1	2.4	-1.5	-1.7	2.0	EBIT-%	28.0 %	28.0 %	30.6 %	25.8 %	28.6 %
Operating cash flow	15.8	22.7	24.0	21.3	30.1	ROE-%	19.9 %	23.4 %	25.7 %	19.5 %	22.3 %
CAPEX	-2.5	-15.8	-2.9	-3.4	-3.6	ROI-%	17.9 %	22.1 %	27.6 %	22.2 %	25.3 %
Free cash flow	13.2	6.7	21.1	17.9	26.6	Equity ratio	60.9 %	63.0 %	66.8 %	70.5 %	72.3 %
Valuation multiples	2020	2021	2022	2023e	2024e	Gearing	-2.7 %	0.0 %	-12.5 %	-19.2 %	-32.2 %
EV/S	21.9	18.8	10.5	6.4	5.5						
EV/EBITDA (adj.)	61.5	57.7	30.6	21.4	17.0						
EV/EBIT (adj.)	69.5	60.4	32.9	23.6	18.5						
P/E (adj.)	86.6	75.1	44.6	32.3	25.4						
P/B	19.2	18.9	11.3	6.4	5.5						
Dividend-%	0.6 %	0.6 %	0.9 %	1.3 %	1.9 %						

Source: Inderes

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Recommendation history (>12 mo)

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 €
<i>Analyttikko vaihtuu</i>			
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 €



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