

# Avidly

## Company report

8/29/2021 21:15



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✓ Inderes Corporate customer

This report is a summary translation of the report “Kasvukoneistosta löytyi lisää tehoja” published on 8/29/2021 at 9:15 pm

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# More power found in the growth engine

Avidly's growth in Q2 was strong (+30%), but also controlled as profitability kept on its upward trajectory. Over the past year, the company has proven its ability to grow in a controlled way. The recovery of the market from the COVID slump has supported short-term growth, but, in our view, Avidly has also positioned well for long-term market growth. Looking forward and relying on earnings growth, the company's valuation seems relatively neutral (2023e adj. P/E 14x) but not attractive enough for us to re-join the company's promising growth story. We raise our target price for Avidly to EUR 7.0 (previously EUR 6.5) and reiterate our Reduce recommendation.

## Growth in Q2 clearly stronger than we estimated

In Q2, Avidly's revenue grew by 30% to EUR 8.1 million (Q2'20: MEUR 6.2) and, correspondingly, gross margin grew to 31% to EUR 5.8 million (Q2'20 MEUR 4.4). Recovery from the COVID slump was expected, but we were surprised by the volume of growth. International growth was strong and the company managed to win new clients. The growth was also controlled, through which profitability in Q2 improved and was on the level of adjusted operating profit at 4% of revenue (Q2'20: -3%). In our opinion, Avidly now provided strong evidence of controlled profitable growth, which again strengthened our confidence in the company's growth story.

## Good drivers for market growth even after short-term recovery

The recovery from the COVID slump will provide the market with additional tailwind in the short term, but we believe that there are clear long-term trends for market growth. Media advertising budgets have long shifted from conventional media to digital channels. This is based on increased time spent in digital services but also people's growing desire to utilize these services. The industry is particularly susceptible to changes in the economic cycle. On the other hand, digital marketing is merging into part of sales, and it has become more business critical, and the marketing budget is no longer a clear cost saving item in a weaker economic environment. Avidly is positioned in the growing digital sales and marketing segment of the market where the extent of its offering and overall competitiveness in our opinion stands out favorably in competition. Therefore, the company has good preconditions to grow in the future as well.

## We slightly raised our growth estimates and trust that the company achieves its goals

Avidly's revenue guidance for the rest of the year rose clearly and we take this into account in our estimates. We estimate that the company's revenue will grow by 17% to EUR 29.1 million this year (Guidance: MEUR 28-30) and adjusted EBIT to 4% of revenue. For 2021-2025, we expect average annual organic revenue growth of 11% (target: > 10%) and adjusted EBITA margin of 9% in 2025 (target: adjusted EBITA % >10%).

## Valuation is leaning slightly forward

In our opinion, Avidly's value creation relies on the expectation of profitable growth that can be accelerated with acquisitions that are in line with the strategy. The short-term earnings-based valuation of the share is tight (2022e adj. P/E 17x). With growth and improving profitability, the valuation looks slightly more reasonable when looking forward (2023e adj. P/E 14x) but not attractive enough for us to re-join the company's promising growth story.

## Recommendation

**Reduce**  
(previous Reduce)

**EUR 7.00**  
(previous EUR 6,50)

**Share price:**  
6.66



## Key indicators

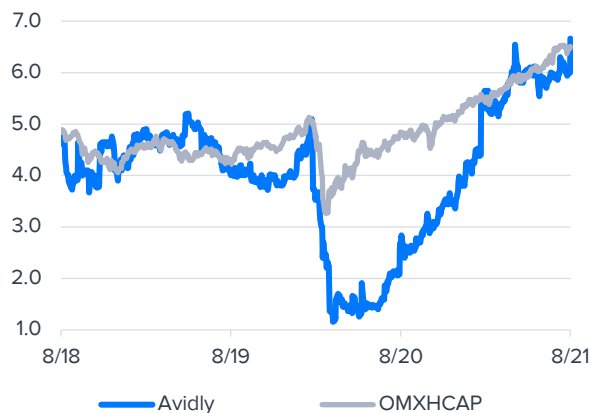
	2020	2021e	2022e	2023e
<b>Revenue</b>	25.0	29.0	32.1	35.4
<b>growth %</b>	13%	16%	11%	10%
<b>Gross margin</b>	18.6	21.4	23.7	26.3
<b>growth %</b>	8%	15%	11%	11%
<b>EBIT adj.</b>	0.3	1.7	2.4	3.0
<b>EBIT % adj.</b>	1.3%	5.7%	7.4%	8.5%
<b>Net profit</b>	-0.3	0.2	0.3	1.3
<b>EPS (adj.)</b>	-0.01	0.23	0.39	0.46
<b>P/E (adj.)</b>	neg.	29.5	17.2	14.4
<b>P/B</b>	2.1	3.5	3.4	3.3
<b>Dividend yield %</b>	0.0%	0.0%	0.0%	0.0%
<b>EV/EBIT (adj.)</b>	66.5	21.8	15.1	12.7
<b>EV/Sales</b>	0.9	1.3	1.1	1.1

Source: Inderes

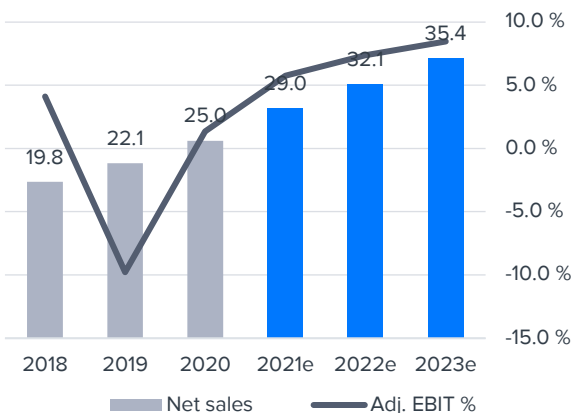
## Guidance (Improved)

Avidly estimates that in 2021 the company's revenue will amount to EUR 28-30 million (revenue 2020: MEUR 25.0) and adjusted EBIT will be positive (adjusted EBIT 2020: MEUR 0.3).

## Share price



## Net sales and EBIT %



## EPS and dividend



## Value drivers

- Strong growth outlook on target markets
- Organic growth with competitive offering
- Cross-selling potential to current customers
- Business continuity and customer retention
- Acquisitions that support expertise and growth
- Low capital intensity of the business
- Improved profitability



## Risk factors

- Slowdown in operational development and progress of the turnaround
- Availability and turnover of personnel
- Cyclicity of the marketing industry and short visibility in non-continuous services
- Failure in acquisitions
- Changes in the competitive situation and technologies

Valuation	2021e	2022e	2023e
Share price	6.66	6.66	6.66
Number of shares, millions	5.28	5.28	5.85
Market cap	35	35	39
EV	36	36	38
P/E (adj.)	29.5	17.2	14.4
P/E	>100	>100	29.0
P/FCF	71.0	41.4	21.5
P/B	3.5	3.4	3.3
P/S	1.2	1.1	1.1
EV/Sales	1.3	1.1	1.1
EV/EBITDA	16.9	15.2	11.5
EV/EBIT (adj.)	21.8	15.1	12.7
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

# Q2 provided strong evidence of the company's ability of controlled growth

## Q2 sales clearly better than our expectations

In Q2, Avidly's revenue grew by 30% to EUR 8.1 million (Q2'20: MEUR 6.2) and, correspondingly, gross margin grew to 31% to EUR 5.8 million (Q2'20 MEUR 4.4). Avidly's revenue varies depending on the amount of media purchases with third party invoicing. Therefore, we believe that the gross margin offers a better indication of the direction of growth when examining short-term figures.

The growth came particularly from market technology services. As per usual, most of the growth came from existing customers, but new customers already accounted for 25% of Q2 growth. The company continued to win new clients at an improved pace that has been visible from the start of the year. In addition, the share of continuing services of the gross margin increased to 49% (Q2'20: 46%), which slightly improves the predictability of the company's income streams. Furthermore,

international growth was the strongest area of growth, as evidenced by the increased share of international revenue to 22.8% (Q2'20: 22.0%) of total revenue.

## Q2 profitability was slightly better than expected

Avidly's adjusted operating profit continued its upward trajectory and improved to EUR 0.3 million or 4% of revenue (Q2'20: MEUR -0.2 or -5% of revenue). The unadjusted operating result improved to EUR -0.1 million (Q2'20 MEUR -0.2). Again, the adjustments were largely due to the effects of the share-based incentive scheme, which, in the eyes of investors, affect the company's result, but show that the company's operations are on a good footing.

In our view, the company's operational management has improved significantly, which has created conditions for profitable growth. In its Q2 report, the company commented on the improved predictability

of its business, which has enabled more disciplined growth. Therefore, we believe that the profitability improvement is particularly a result of increased billing rates and sales prices year-on-year.

## Improved revenue guidance thanks to growth

Generally, the Q2 figures were excellent, and Avidly provided strong evidence of its profile turning from a turnaround company to one of a sustainable growth company.

We thought the company's previous guidance was prudent and we expected the business to recover from the COVID slump in Q2. However, the volume of growth came as a surprise. Avidly raised its guidance and now estimates 2021 revenue to be EUR 28-30 million (prev. "In 2021, revenue will increase (2020 revenue EUR 25.0 million)") and that adjusted operating profit will be positive.

Estimates MEUR / EUR	Q2'20	Q2'21	Q2'21e	Q2'21e	Consensus		Difference (%)	2021e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	6.2	8.1	6.8				19%	29.0
Gross margin	4.4	5.8	5.2				12%	21.4
EBIT (adj.)	-0.2	0.3	0.2				117%	1.7
EBIT	-0.2	-0.1	-0.1				50%	0.5
Revenue growth-%		30.1%	9.8%				20.3 pp	16.3%
EBIT-% (adj.)	-2.8%	4.3%	2.3%				1.9 pp	5.7%

Source: Inderes

# Estimate changes

## Estimate changes 2021e-2023e

- We raised growth estimates for the next few years by 5-8% reflecting strong Q2 growth and the updated guidance for 2021.
- We increased our profitability estimates with growth estimates, but we kept the estimate of relative profitability improvement largely unchanged.
- In our view, in the next few years, Avidly's conditions to reach its organic growth objective for 2021-2025 (objective: on average > 10% annually) are even better than before.

## Operational result drivers 2021-2023e:

- In our view, improved operative discipline is a key growth driver for the next few years.
- Billing rates and sales prices that improve as a result of this will drive the profitability improvement that we expect.
- Revenue growth is another key driver, although the gradual strengthening of profitability will play a more important role in the next few years

Estimate revisions	2021e		Change	2022e		Change	2023e		Change
	Old	New		Old	New		Old	New	
MEUR / EUR			%			%			%
Revenue	26.9	29.0	8%	30.3	32.1	6%	33.6	35.4	5%
EBIT (exc. NRIs)	1.0	1.7	69%	2.2	2.4	8%	2.8	3.0	5%
EBIT	-0.2	0.5	-370%	0.5	0.6	35%	1.5	1.6	10%
PTP	-0.5	0.2	-139%	0.2	0.3	111%	1.2	1.3	13%
EPS (excl. NRIs)	0.12	0.23	81%	0.35	0.39	9%	0.44	0.46	6%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

# Valuation

## Valuation is leaning slightly forward

In our opinion, Avidly's value creation relies on the expectation of profitable growth that can be accelerated with acquisitions that are in line with the strategy. The company's business is generally project-based, but a significant part of the gross margin (Q2'21: 49%) is of a continuous nature.

In our estimates, Avidly's 2021 profitability is weak due to the ongoing turnaround and, therefore, revenue multiples offer the first support point for valuation. With our 2021 estimates, the company's share is valued with an EV/Sales ratio of 1.3x which already includes a very strong expectation of a successful turnaround.

Continuous signs of the turnaround progressing allow the valuation to be examined with multiples that correspond to the normal performance level. In our estimate, the adjusted P/E multiple for 2022 is 17x. When the 2022 multiple is adjusted with the dilution we expect from the share-based incentive plan (some 10% growing number of shares in 2023), the comparable adjusted P/E multiple is slightly higher, 19x. In this case, Avidly is priced at a premium of about 13% in relation to the peer group, even if the smaller size of the company would warrant a discount.

Profitability of Avidly (2022e adj. EBIT-% 7.4%) is still below the industry's normalized level (EBITA% >10%) in 2022. With our estimates for 2023 (adj. EBIT-% 8.5%) adjusted P/E is already much more neutral (14x). From that point on, the earnings growth outlook is weaker in our estimates, as we aren't ready to predict a significant profitability improvement from this level for Avidly. This would require a very disciplined implementation of the strategy, which would improve the company's profitability above its historical levels (EBIT-% 2-7%) or revenue growth that would exceed the company's objectives in the next few years. Therefore, we believe that the current valuation is slightly leaning forward.

Our updated DCF model indicates a share value of EUR 7.2. Our terminal assumption is that EBIT is 8.5% and revenue growth 2.5%.

Avidly's strategy also includes utilizing acquisitions. We have not considered acquisitions in our estimates, so they form a positive option for investors next to organic development. However, we want to point out that several of Avidly's peers also make acquisitions and we don't feel that just this option justifies the premium to the peers.

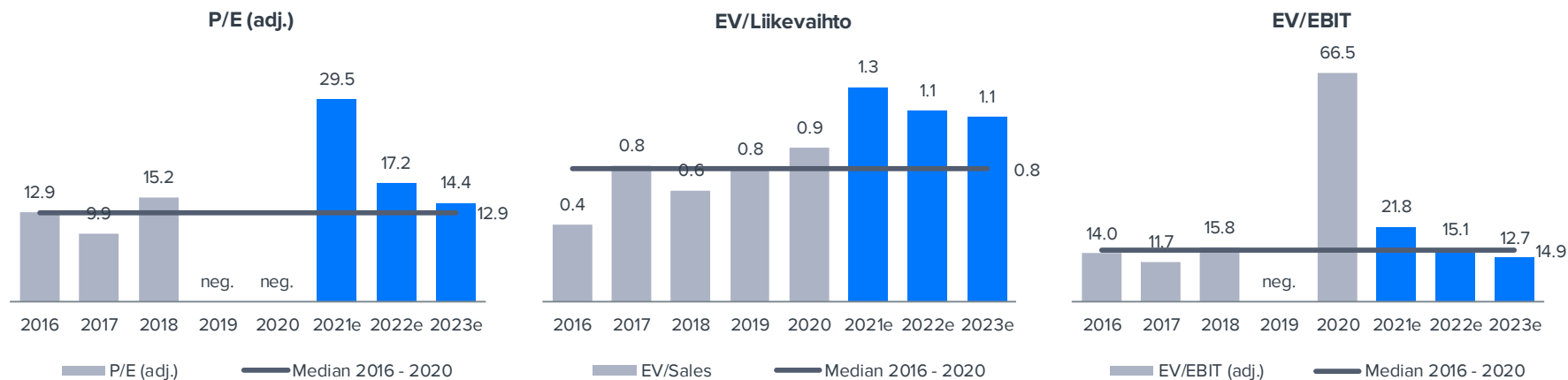
Valuation	2021e	2022e	2023e
Share price	6.66	6.66	6.66
Number of shares, millions	5.28	5.28	5.85
Market cap	35	35	39
EV	36	36	38
P/E (adj.)	29.5	17.2	14.4
P/E	>100	>100	29.0
P/FCF	71.0	41.4	21.5
P/B	3.5	3.4	3.3
P/S	1.2	1.1	1.1
EV/Sales	1.3	1.1	1.1
EV/EBITDA	16.9	15.2	11.5
EV/EBIT (adj.)	21.8	15.1	12.7
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

# Valuation table

Valuation	2016	2017	2018	2019	2020	2021e	2022e	2023e	2024e
Share price	3.32	6.89	5.16	5.02	3.98	<b>6.66</b>	<b>6.66</b>	<b>6.66</b>	<b>6.66</b>
Number of shares, millions	1.4	1.4	1.6	2.4	4.0	<b>5.3</b>	<b>5.3</b>	<b>5.8</b>	<b>5.8</b>
Market cap	4.6	9.5	12	12	21	<b>35</b>	<b>35</b>	<b>39</b>	<b>39</b>
EV	6.3	12	13	17	22	<b>36</b>	<b>36</b>	<b>38</b>	<b>35</b>
P/E (adj.)	12.9	9.9	15.2	neg.	neg.	<b>29.5</b>	<b>17.2</b>	<b>14.4</b>	<b>12.8</b>
P/E	31.0	9.9	23.5	neg.	neg.	<b>&gt;100</b>	<b>&gt;100</b>	<b>29.0</b>	<b>12.8</b>
P/FCF	neg.	neg.	41.9	neg.	6.8	<b>71.0</b>	<b>41.4</b>	<b>21.5</b>	<b>11.3</b>
P/B	2.1	3.1	1.4	1.8	2.1	<b>3.5</b>	<b>3.4</b>	<b>3.3</b>	<b>2.7</b>
P/S	0.3	0.6	0.6	0.6	0.8	<b>1.2</b>	<b>1.1</b>	<b>1.1</b>	<b>1.0</b>
EV/Sales	0.4	0.8	0.6	0.8	0.9	<b>1.3</b>	<b>1.1</b>	<b>1.1</b>	<b>0.9</b>
EV/EBITDA	11.2	9.4	12.2	neg.	13.0	<b>16.9</b>	<b>15.2</b>	<b>11.5</b>	<b>6.8</b>
EV/EBIT (adj.)	14.0	11.7	15.8	neg.	66.5	<b>21.8</b>	<b>15.1</b>	<b>12.7</b>	<b>10.1</b>
Payout ratio (%)	74.7 %	22.9 %	50.7 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>
Dividend yield-%	2.4 %	2.3 %	1.6 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>

Source: Inderes



# Peer group valuation

Peer group valuation Company	Share price	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2021e
				2021e	2022e	2021e	2022e	2021e	2022e	2021e	2022e	2021e	2022e	
Aallon Group	11.65	45	43	21.3	14.2	14.2	10.7	1.8	1.6	20.8	16.2	2.1	2.6	3.9
Antevenio SA	4.9	73	78	14.4	9.7	10.7	8.3	0.8	0.7	16.9	11.8	3.6	4.1	5.4
Avensia AB	14.5	52	51	28.7	13.3	13.6	9.8	1.4	1.1	37.8	17.7	2.7	2.8	8.4
Bilot Oyj	7.3	39	30	30.0	15.0	15.0	10.0	1.1	1.1	20.2	17.5	1.0	1.3	1.9
Bouvet ASA	60.2	591	576	18.8	17.6	15.4	14.1	2.2	2.0	25.1	23.3	3.8	4.1	13.8
Capacent Holdings AB	64.6	17	16	8.6	4.9	7.8	4.6	0.7	0.7	12.6	7.2	5.0	9.1	2.1
Digia	7.5	201	218	17.1	15.0	11.2	10.2	1.4	1.4	19.3	17.0	2.3	2.6	3.1
Empir Group AB	23.50	13	11			35.8	17.9	0.7	0.7			2.2	2.1	1.8
Enea AB	225.5	475	491	23.1	15.6	14.3	11.8	4.9	4.1	27.1	19.4			2.8
Fondia	7.4	30	24	24.4	12.2	24.4	8.1	1.2	1.1	25.8	16.6	4.0	4.3	5.1
Gofore	21.1	317	299	24.9	20.6	18.7	15.8	3.0	2.6	29.8	27.5	1.4	1.7	6.3
Innofactor	1.66	62	70	8.7	10.0	6.1	7.3	1.0	1.0	10.7	12.3	3.6	4.2	2.3
Knowit AB	331.00	709	653	17.9	14.7	13.5	11.6	1.6	1.4	23.9	21.8	2.2	2.3	4.1
Netum Group	4.3	51								27.5	20.0	1.8	2.0	3.9
Nixu	7.50	56	58		28.9	28.9	14.5	1.1	0.9		24.6	0.2		4.1
Siili Solutions	14	100	103	13.7	10.8	8.2	7.1	1.1	1.0	14.4	11.5	2.8	3.2	4.2
Solteq	6.06	117	141	14.1	12.2	9.4	8.3	2.0	1.8	18.8	15.0	2.0	2.8	3.9
Vincit	9.40	116	111	18.6	12.4	12.4	10.1	1.8	1.6	20.0	13.4	2.1	2.3	4.6
<b>Avidly (Inderes)*</b>	<b>6.66</b>	<b>35</b>	<b>36</b>	<b>75.7</b>	<b>55.3</b>	<b>16.9</b>	<b>15.2</b>	<b>1.3</b>	<b>1.1</b>	<b>29.5</b>	<b>17.2</b>	<b>0.0</b>	<b>0.0</b>	<b>3.5</b>
<b>Average</b>				<b>18.1</b>	<b>13.7</b>	<b>14.7</b>	<b>10.3</b>	<b>1.6</b>	<b>1.4</b>	<b>21.4</b>	<b>16.9</b>	<b>2.6</b>	<b>3.3</b>	<b>4.4</b>
<b>Median</b>				<b>18.2</b>	<b>13.3</b>	<b>13.6</b>	<b>10.1</b>	<b>1.4</b>	<b>1.2</b>	<b>20.2</b>	<b>16.8</b>	<b>2.2</b>	<b>2.8</b>	<b>3.9</b>
<b>Diff-% to median</b>				<b>315%</b>	<b>317%</b>	<b>25%</b>	<b>51%</b>	<b>-10%</b>	<b>-10%</b>	<b>46%</b>	<b>3%</b>	<b>-100%</b>	<b>-100%</b>	<b>-9%</b>

Source: Thomson Reuters / Inderes \*Avidly's P/E multiples are adjusted. NB: The market cap Inderes uses does not consider own shares held by the company



# Income statement

Income statement	2019	H1'20	H2'20	2020	H1'21	H2'21e	2021e	2022e	2023e	2024e
Revenue	22.1	13.0	12.0	25.0	15.2	13.8	29.0	32.1	35.4	38.9
EBITDA	-0.6	0.5	1.2	1.7	0.7	1.4	2.2	2.4	3.3	5.2
Depreciation	-1.8	-0.9	-0.9	-1.8	-0.8	-0.9	-1.7	-1.7	-1.7	-1.7
EBIT (excl. NRI)	-2.2	-0.3	0.7	0.3	0.8	0.9	1.7	2.4	3.0	3.5
EBIT	-2.4	-0.4	0.3	-0.1	-0.1	0.6	0.5	0.6	1.6	3.5
Net financial items	-0.2	-0.1	-0.2	-0.3	-0.1	-0.2	-0.3	-0.3	-0.3	-0.3
PTP	-2.6	-0.5	0.1	-0.4	-0.2	0.4	0.2	0.3	1.3	3.2
Taxes	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	-0.2
Net earnings	-2.5	-0.5	0.1	-0.3	-0.2	0.4	0.2	0.3	1.3	3.1
EPS (adj.)	-0.94	-0.16	0.10	-0.01	0.10	0.13	0.23	0.39	0.46	0.52
EPS (rep.)	-1.03	-0.17	0.03	-0.09	-0.04	0.08	0.04	0.06	0.23	0.52

Key figures	2019	H1'20	H2'20	2020	H1'21	H2'21e	2021e	2022e	2023e	2024e
Revenue growth-%	11.9 %	10.0 %	16.0 %	12.8 %	17.5 %	15.0 %	16.3 %	10.7 %	10.2 %	9.7 %
Adjusted EBIT growth-%	-366.8 %	48.5 %	-135.4 %	-115.6 %	-335.8 %	25.0 %	395%	42%	26.5 %	15.8 %
EBITDA-%	-2.7 %	4.1 %	9.9 %	6.9 %	4.7 %	10.4 %	7.4 %	7.3 %	9.3 %	13.3 %
Adjusted EBIT-%	-9.8 %	-2.7 %	5.7 %	1.3 %	5.4 %	6.2 %	5.7 %	7.4 %	8.5 %	8.9 %
Net earnings-%	-11.2 %	-3.6 %	1.0 %	-1.4 %	-1.5 %	3.0 %	0.6 %	1.0 %	3.8 %	7.9 %

Source: Inderes

# Balance sheet

Assets	2019	2020	2021e	2022e	2023e
<b>Non-current assets</b>	<b>12.6</b>	<b>12.4</b>	<b>12.3</b>	<b>12.3</b>	<b>12.2</b>
Goodwill	7.7	7.7	7.7	7.7	7.7
Intangible assets	0.8	0.5	0.4	0.4	0.3
Tangible assets	3.2	3.3	3.4	3.4	3.4
Associated companies	0.3	0.3	0.3	0.3	0.3
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.1	0.1	0.0	0.0	0.0
Deferred tax assets	0.6	0.5	0.5	0.5	0.5
<b>Current assets</b>	<b>5.6</b>	<b>11.5</b>	<b>11.5</b>	<b>11.6</b>	<b>13.4</b>
Inventories	1.1	0.6	1.4	1.5	1.7
Other current assets	0.4	0.5	0.5	0.5	0.5
Receivables	3.6	4.2	4.8	5.3	5.8
Cash and equivalents	0.5	6.2	4.8	4.3	5.4
<b>Balance sheet total</b>	<b>18.3</b>	<b>23.9</b>	<b>23.8</b>	<b>23.9</b>	<b>25.6</b>

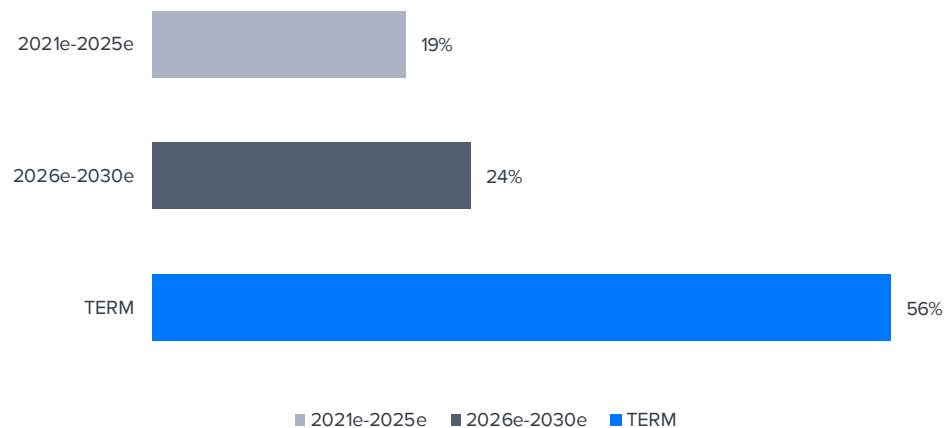
Source: Inderes

Liabilities & equity	2019	2020	2021e	2022e	2023e
<b>Equity</b>	<b>7.0</b>	<b>9.8</b>	<b>10.0</b>	<b>10.3</b>	<b>11.6</b>
Share capital	0.3	0.3	0.3	0.3	0.3
Retained earnings	-3.0	-3.2	-3.0	-2.7	-1.3
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	9.7	12.7	12.7	12.7	12.7
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>3.5</b>	<b>4.5</b>	<b>3.8</b>	<b>3.3</b>	<b>2.8</b>
Deferred tax liabilities	0.3	0.2	0.3	0.3	0.3
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	3.2	4.3	3.5	3.0	2.5
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>7.7</b>	<b>9.6</b>	<b>10.1</b>	<b>10.4</b>	<b>11.2</b>
Short term debt	1.9	3.2	2.5	2.0	2.0
Payables	5.8	6.4	7.6	8.4	9.2
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>18.3</b>	<b>23.9</b>	<b>23.8</b>	<b>23.9</b>	<b>25.6</b>

# DCF calculation

DCF model	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	TERM
<b>EBIT (operating profit)</b>	<b>-0.1</b>	<b>0.5</b>	<b>0.6</b>	<b>1.6</b>	<b>3.5</b>	<b>3.8</b>	<b>4.3</b>	<b>4.5</b>	<b>4.6</b>	<b>4.5</b>	<b>4.6</b>	
+ Depreciation	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.8	1.8	1.9	
- Paid taxes	0.0	0.0	0.0	0.0	-0.2	-0.4	-0.6	-0.6	-0.9	-0.9	-0.9	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	0.4	-0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	
<b>Operating cash flow</b>	<b>2.1</b>	<b>2.0</b>	<b>2.5</b>	<b>3.5</b>	<b>5.1</b>	<b>5.3</b>	<b>5.5</b>	<b>5.7</b>	<b>5.6</b>	<b>5.6</b>	<b>5.7</b>	
+ Change in other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-1.6	-1.5	-1.7	-1.7	-1.7	-1.7	-1.8	-1.8	-1.9	-1.9	-2.0	
<b>Free operating cash flow</b>	<b>0.5</b>	<b>0.5</b>	<b>0.8</b>	<b>1.8</b>	<b>3.4</b>	<b>3.5</b>	<b>3.7</b>	<b>3.9</b>	<b>3.7</b>	<b>3.6</b>	<b>3.7</b>	
+/- Other	2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	3.1	0.5	0.8	1.8	3.4	3.5	3.7	3.9	3.7	3.6	3.7	52.3
<b>Discounted FCFF</b>		<b>0.5</b>	<b>0.7</b>	<b>1.5</b>	<b>2.5</b>	<b>2.4</b>	<b>2.3</b>	<b>2.1</b>	<b>1.9</b>	<b>1.7</b>	<b>1.5</b>	<b>22.1</b>
Sum of FCFF present value		39.2	38.7	38.0	36.5	34.0	31.6	29.3	27.2	25.3	23.6	22.1
<b>Enterprise value DCF</b>		<b>39.2</b>										
- Interesting bearing debt		-7.6										
+ Cash and cash equivalents		6.2										
-Minorities		0.0										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>37.8</b>										
<b>Equity value DCF per share</b>		<b>7.2</b>										

Cash flow distribution



Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	6.0 %
Equity Beta	1.10
Market risk premium	4.75%
Liquidity premium	3.00%
Risk free interest rate	2.0 %
<b>Cost of equity</b>	<b>10.2 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>9.7 %</b>

Source: Inderes

# Summary

Income statement	2018	2019	2020	2021e	2022e	Per share data	2018	2019	2020	2021e	2022e
Revenue	19.8	22.1	25.0	<b>29.0</b>	<b>32.1</b>	EPS (reported)	0.22	-1.03	-0.09	<b>0.04</b>	<b>0.06</b>
EBITDA	1.0	-0.6	1.7	<b>2.2</b>	<b>2.4</b>	EPS (adj.)	0.34	-0.94	-0.01	<b>0.23</b>	<b>0.39</b>
EBIT	0.6	-2.4	-0.1	<b>0.5</b>	<b>0.6</b>	OCF / share	0.18	0.47	0.52	<b>0.39</b>	<b>0.47</b>
PTP	0.3	-2.6	-0.4	<b>0.2</b>	<b>0.3</b>	FCF / share	0.17	-0.53	0.77	<b>0.09</b>	<b>0.16</b>
Net Income	0.4	-2.5	-0.3	<b>0.2</b>	<b>0.3</b>	Book value / share	5.19	2.92	2.46	<b>1.89</b>	<b>1.95</b>
Extraordinary items	-0.2	-0.2	-0.4	<b>-1.2</b>	<b>-1.7</b>	Dividend / share	0.08	0.00	0.00	<b>0.00</b>	<b>0.00</b>
Balance sheet	2018	2019	2020	2021e	2022e	Growth and profitability	2018	2019	2020	2021e	2022e
Balance sheet total	16.6	18.3	23.9	<b>23.8</b>	<b>23.9</b>	Revenue growth-%	26%	12%	13%	<b>16%</b>	<b>11%</b>
Equity capital	8.4	7.0	9.8	<b>10.0</b>	<b>10.3</b>	EBITDA growth-%	-21%	-157%	-386%	<b>25%</b>	<b>9%</b>
Goodwill	6.4	7.7	7.7	<b>7.7</b>	<b>7.7</b>	EBIT (adj.) growth-%	-24%	-367%	-116%	<b>395%</b>	<b>42%</b>
Net debt	1.3	4.7	1.4	<b>1.2</b>	<b>0.7</b>	EPS (adj.) growth-%	-51%	-376%	-99%	<b>-3918%</b>	<b>71%</b>
Cash flow	2018	2019	2020	2021e	2022e	EBITDA-%	5.3 %	-2.7 %	6.9 %	<b>7.4 %</b>	<b>7.3 %</b>
EBITDA	1.0	-0.6	1.7	<b>2.2</b>	<b>2.4</b>	EBIT (adj.)-%	4.1 %	-9.8 %	1.3 %	<b>5.7 %</b>	<b>7.4 %</b>
Change in working capital	-0.7	1.7	0.4	<b>-0.1</b>	<b>0.1</b>	EBIT-%	3.1 %	-10.8 %	-0.2 %	<b>1.7 %</b>	<b>2.0 %</b>
Operating cash flow	0.3	1.1	2.1	<b>2.0</b>	<b>2.5</b>	ROE-%	6.2 %	-32.3 %	-4.1 %	<b>1.9 %</b>	<b>3.1 %</b>
CAPEX	-3.1	-5.4	-1.6	<b>-1.5</b>	<b>-1.7</b>	ROI-%	6.1 %	-19.3 %	-0.4 %	<b>2.9 %</b>	<b>4.1 %</b>
Free cash flow	0.3	-1.3	3.1	<b>0.5</b>	<b>0.8</b>	Equity ratio	50.8 %	39.0 %	42.0 %	<b>43.1 %</b>	<b>44.2 %</b>
Valuation multiples	2018	2019	2020	2021e	2022e	Gearing	15.0 %	66.6 %	14.3 %	<b>11.8 %</b>	<b>6.4 %</b>
EV/S	0.6	0.8	0.9	<b>1.3</b>	<b>1.1</b>						
EV/EBITDA (adj.)	12.2	neg.	13.0	<b>16.9</b>	<b>15.2</b>						
EV/EBIT (adj.)	15.8	neg.	66.5	<b>21.8</b>	<b>15.1</b>						
P/E (adj.)	15.2	neg.	neg.	<b>29.5</b>	<b>17.2</b>						
P/E	1.4	1.8	2.1	<b>3.5</b>	<b>3.4</b>						
Dividend-%	1.6 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>						

Source: Inderes

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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 price	Share price
7/9/2019	Accumulate	6.00 €	5.70 €
8/25/2019	Reduce	5.40 €	5.16 €
10/10/2019	Reduce	5.00 €	4.99 €
3/6/2020	Sell	3.80 €	4.21 €
3/27/2020	Reduce	1.90 €	1.99 €
5/15/2020	Reduce	1.40 €	1.66 €
7/24/2020	Reduce	1.80 €	1.87 €
<i>Analyst changes</i>			
8/26/2020	Accumulate	2.80 €	2.58 €
11/16/2020	Accumulate	3.50 €	3.24 €
1/14/2021	Accumulate	4.50 €	3.96 €
2/16/2021	Accumulate	6.00 €	5.40 €
3/5/2021	Accumulate	6.00 €	5.45 €
5/3/2021	Reduce	6.50 €	6.54 €
6/18/2021	Reduce	6.50 €	6.00 €
8/29/2021	Reduce	7.00 €	6.66 €

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