

Remedy

Company report

9/14/2021 18:43



Atte Riikola
+358 44 593 4500
atte.riikola@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report “Lisää panoksia peliin ennen AWR:n julkaisua” published on 09/14/2021 at 6:47 pm

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Increase your bets before the AWR release

We reiterate our EUR 50.0 target price and raise our recommendation to Buy (previously Accumulate). Remedy's strategy and game projects are progressing decisively and the visibility of the growth drivers for coming years has strengthened this year. At the same time, the company's share has remained stagnate, which we believe provides long-term investors a good place to buy before the growth leap from new game releases. As a short-term positive driver, we see the launch of the Alan Wake Remastered game (AWR) on October 5, which is very likely to be a profitable project for Remedy.

The Alan Wake Remastered game has good preconditions to be a profitable project

Remedy announced already in connection with the Epic release contract that both the small and large Epic project involve the same game series. Thus, the confirmation last week that the small project is an AWR game also in our view confirmed that the big Epic project will be Alan Wake 2. Thanks to a familiar game brand, we see the chances of success of both games as very good. In addition, AWR creates more recognition for the Alan Wake brand also on the PlayStation side. Remedy has not opened figures on the production budgets for Epic projects, but we estimate that in remastered projects, budgets are a few million. By assuming a budget of EUR 8 million for the AWR project (production+marketing), the game needs to sell around 420,000-600,000 copies at an average price of EUR 21-30 to cover the costs. After this, Remedy and Epic Games will distribute the project revenues equally. Thanks to the well-known game brand and lower sales price, we think that AWR has a very good starting point for selling over 2 million copies like the Control game. In this case, the royalties from the project to Remedy could, according to our calculations, amount to over EUR 10 million.

Estimates unchanged - the release of AWR backs up estimates with more concrete evidence

We estimate that Remedy's revenue will grow by 13% in 2021 and EBIT will grow to EUR 15.6 million (2020: 13.2 MEUR). Growth is supported by the growing revenue streams from Epic projects, with the big project's development fees increasing in H2 in the full production phase and AWR release in October. Visibility into royalties possibly occurring in late 2021 is still weak. In addition, the Crossfire subcontracting can, in addition to development fees, generate royalties as CrossfireX and Crossfire HD games are published. We also expect Control sales to continue at a good level in digital channels and with new consoles. The new Control projects may even generate minor development fees already this year. We expect Remedy's next significant growth leap to take place in 2023 when we believe the large Epic project will be (Alan Wake 2) released. At that time, considerable income is also expected from the Vanguard project. In 2024, we estimate that the earnings growth continues supported by new Control games.

When considering valuation eyes should be in 2023-2024, when new game projects are released

In our estimate, Remedy's game projects currently under development will be released in 2023-2024, and we expect a significant improvement to the company's revenue and operating profit then. In 2024, we estimate Remedy to receive significant income from at least 7 game projects that have been released or are still under development. In our projections, the EV/EBIT ratios that consider Remedy's strong net cash are 18x-14x for 2023-2024. In our opinion, the valuation looks very moderate when considering Remedy's strong growth outlook in the long term even with just relatively successful game releases. In addition, the investor gets the option of a hit game that strikes gold.

Recommendation

Buy

(previous Accumulate)

EUR 50.00

(previous EUR 50.00)

Share price:

40.00



Key figures

	2020	2021e	2022e	2023e
Revenue	41.1	46.3	49.1	68.3
growth-%	30%	13%	6%	39%
EBIT adj.	13.2	15.6	14.7	24.8
EBIT-% adj.	32.2 %	33.8 %	29.9 %	36.4 %
Net Income	10.3	11.6	11.7	19.8
EPS (adj.)	0.86	0.95	0.89	1.51

P/E (adj.)	45.6	42.1	44.9	26.4
P/B	13.3	6.0	5.5	4.7
Dividend yield-%	0.4 %	0.5 %	0.6 %	0.8 %
EV/EBIT (adj.)	34.0	29.3	31.0	17.6
EV/EBITDA	31.5	27.3	26.8	12.7
EV/S	11.0	9.9	9.3	6.4

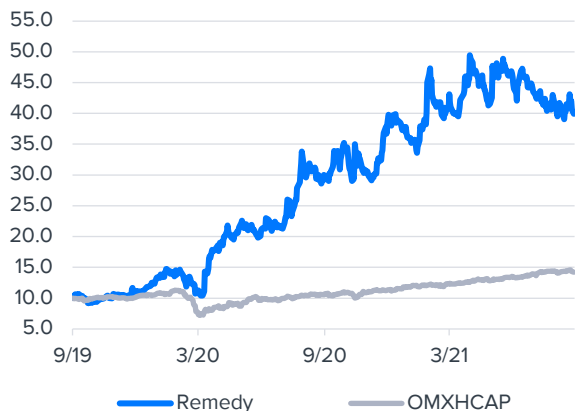
Source: Inderes

Guidance

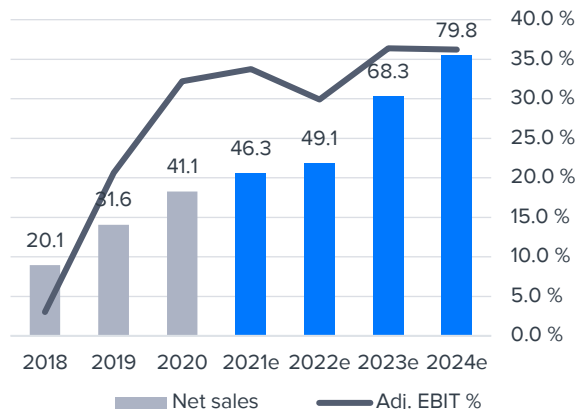
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"Remedy expects its revenue and operating profit to increase during 2021. Majority of the revenue and operating profit is expected to materialize during second half-year period."

Share price



Revenue and EBIT %



EPS and dividend



Value drivers

- Attractive position in value chain considering industry trends and consolidation
- Exceptionally favorable conditions of Epic release contract
- Multi-project model creates continuity and disperses risks
- Strong track record of developing successful games
- Own game engine and game development tools create scalability and a competitive advantage



Risk factors

- Failure or delays in game projects
- Dependency on publishing partners
- Dependency on the sales of an individual game
- Technology and market trends

Valuation	2021e	2022e	2023e
Share price	40.0	40.0	40.0
Number of shares, millions	13.1	13.1	13.1
Market cap	523	523	523
EV	458	455	438
P/E (adj.)	42.1	44.9	26.4
P/E	45.2	44.9	26.4
P/FCF	11.0	84.2	26.6
P/B	6.0	5.5	4.7
P/S	11.3	10.7	7.7
EV/Sales	9.9	9.3	6.4
EV/EBITDA	27.3	26.8	12.7
EV/EBIT (adj.)	29.3	31.0	17.6
Payout ratio (%)	22.6 %	28.0 %	19.8 %
Dividend yield-%	0.5 %	0.6 %	0.8 %

Source: Inderes

Alan Wake Remastered has good preconditions to be a profitable project

We estimate that the production costs of a remastered games are relatively low

In the calculations below, we have outlined the revenue potential of AWR for Remedy in different scenarios. Remedy has not opened figures on the production budgets for Epic projects, but we estimate that the budgets of remastered projects are a few million, while the budgets of entirely new AAA games typically are tens of millions.

The distribution cost used in the calculation is 25%, which assumes 30% of sales through the Epic store (distribution cost 12%) and the rest from console platforms (distribution cost 30%). We are not entirely sure what Epic Games will do about distribution costs when acting as the publisher of the game itself, but we estimate that the total cost of 25% includes a slight safety margin.

In the calculations, we assume that the total budget (production+marketing) for AWR is EUR 8 million.

With this budget, the game should initially sell 424,000 copies at a full selling price of about EUR 30 to fully cover the costs of the project. As far as AWR is concerned, various discount campaigns are very likely, and in the longer term, a more realistic sales price of EUR 21 would cover the costs of the project by selling approximately 600,000 copies.

In accordance with the release contract between Epic Games and Remedy, Epic fully finances the development and marketing of both the small and large projects. Once the costs of the projects are covered, Epic Games and Remedy divide the proceeds of the games equally. In the bottom right table, we have illustrated the royalty income from the AWR game for Remedy at different sales volumes and average prices. The calculation illustrates that the AWR project is already very profitable for Remedy if around 1.5-2.0 million copies are sold. There is also potential for clearly better performance, as the original Alan Wake, has sold at least over 6 million

copies based on different sources. In addition, AWR is now introduced to PlayStation for the first time, adding well over 100 million more potential devices for the game.

In addition to mere game sales, the AWR game is likely to be introduced to various subscription-based services (e.g. Game Pass and PS now) at some point. In addition to revenue, these platforms will increase the recognition of the Alan Wake brand even further, which will act as an important basis for the larger Epic project, which we are almost convinced will be Alan Wake 2.

Alan Wake Remaster			
Game price (EUR)	15	21	30
VAT %	20%	20%	20%
Pris excl. VAT (EUR)	12.5	17.5	25.0
Distributor's share %	25%	25%	25%
After distributor's share (EUR)	9.4	13.2	18.9
Budget (production+marketing) MEUR	8.0	8.0	8.0
Copy sales (thousand) to cover costs	849	606	424

Remedy's royalties with assumed 8 MEUR budget

		AWR sales price (€)		
		15	21	30
Sales volume (MC)	0.5	-	-	0.7
	1.0	0.7	2.6	5.4
	1.5	3.1	5.9	10.1
	2.0	5.4	9.2	14.9
	2.5	7.8	12.5	19.6
	3.0	10.1	15.8	24.3
	3.5	12.5	19.1	29.0
	4.0	14.9	22.4	33.7

Strategy in light of game projects

\$ =low revenue
\$\$ =medium revenue
\$\$\$ =considerable revenue

	2019	2020	2021	2022	2023	2024
Crossfire-subcontracting	Development fees \$\$	Development fees \$\$\$	Development fees + royalties \$\$\$	Development fees + royalties \$\$\$	Development fees + royalties \$\$\$	Royalties \$/\$\$
Control	Release and royalties \$\$\$	DLCs, new platforms \$\$\$	DLCs, new platforms \$\$\$		Sales continues in digital channels \$/\$\$	\$/\$\$
Epic projects	Conceptualization / pre-production	Development fees \$\$\$	Development fees and Alan Wake Remastered release \$\$\$	Development fees + royalties \$\$\$	Launch of the large project (Alan Wake 2) \$\$\$	Royalties \$\$\$
Vanguard	Conceptualization / pre-production	Conceptualization / pre-production	Release contract or decision to self-publish	Release will happen 2022-2023 \$\$/\$\$\$\$	Release will happen 2022-2023 \$\$/\$\$\$\$	Royalties \$\$/\$\$\$\$
Condor			Development fees \$	Development fees \$\$	Release will happen 2023-2024 \$\$/\$\$\$\$	\$\$\$
Control 2			Conceptualization / pre-production	Development fees \$\$/\$\$\$\$	Development fees \$\$/\$\$\$\$	Release \$\$\$
Next game projects						Development fees \$\$/\$\$\$\$

Valuation

When considering valuation eyes should be on 2023-2024, when new game projects are released

The ability of Remedy's team to launch high-quality games efficiently, favorable market trends and an attractive position in the value chain offer the company extremely good preconditions to grow into a significantly larger game house than currently during this decade. A multi-project model that has been built with controlled risks and is well-managed also bring attractive optionality from the viewpoint of the return/risk ratio of the company's business model. We believe the likelihood of complete failures in game projects is low but one of future projects can strike gold and become an actual hit game. With the ramp-up of the multi-project model, the release rate of games also quickens and the number of "success options" increases. Even with only relatively well succeeding games, the company's growth outlook is, in our opinion, good far into the future.

Remedy's P/E multiples for 2021-2022 are 42x-45x and EV/EBIT multiples that take into consideration the strong net cash is 29x-31x. The multiples are high and reflect the considerable earnings growth expectations loaded into the share. However, Remedy is still only at the beginning of its growth path and the earnings level of the next few years does not provide the full picture of the company's potential. Thus, we feel the valuation should be examined in light of the company's long-term growth outlook. However, we point out that the tight valuation in the short term does not leave much room for a bigger fracture in the growth story.

In our estimate, the release of Remedy's game projects that are currently under development will be in 2023-2024, and we expect a significant improvement to the company's revenue and operating profit then. In 2024, we estimate Remedy to receive significant income from at least 7 game projects that have been released or are still under development. Based on our estimates, Remedy's P/E multiples for 2023-2024 are 26x-23x while the respective EV/EBIT multiples are 18x-14x. We feel the multiples look very moderate when considering Remedy's strong growth outlook in the long term.

At that time, Remedy's valuation seems moderate also compared to the peer group, assuming that the high valuation levels of the gaming industry remain somewhat high also in future. For Remedy's peer group, the median P/E and EV/EBIT ratios are 41x-32x and 40x-30x for 2021-2022.

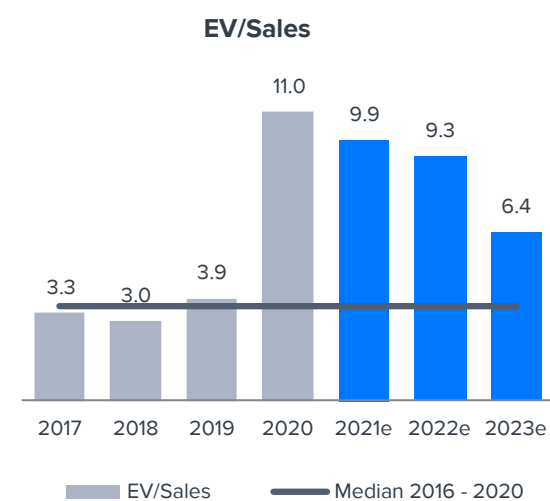
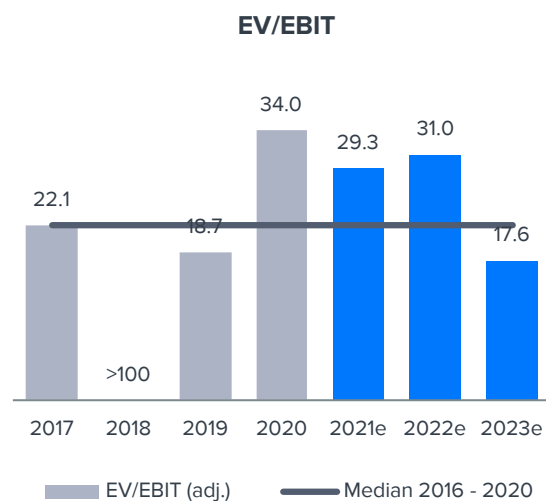
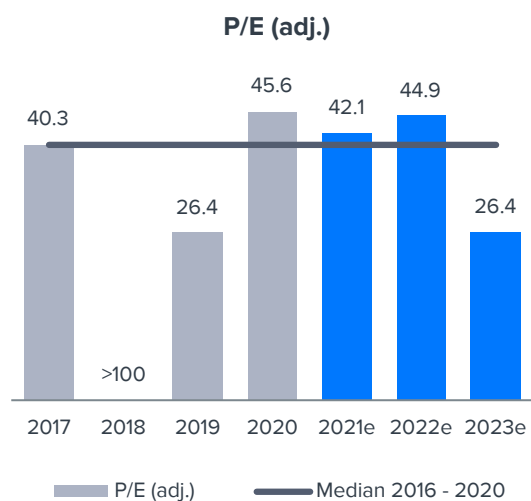
Valuation	2021e	2022e	2023e
Share price	40.0	40.0	40.0
Number of shares, millions	13.1	13.1	13.1
Market cap	523	523	523
EV	458	455	438
P/E (adj.)	42.1	44.9	26.4
P/E	45.2	44.9	26.4
P/FCF	11.0	84.2	26.6
P/B	6.0	5.5	4.7
P/S	11.3	10.7	7.7
EV/Sales	9.9	9.3	6.4
EV/EBITDA	27.3	26.8	12.7
EV/EBIT (adj.)	29.3	31.0	17.6
Payout ratio (%)	22.6 %	28.0 %	19.8 %
Dividend yield-%	0.5 %	0.6 %	0.8 %

Source: Inderes

Valuation table

Valuation	2017	2018	2019	2020	2021e	2022e	2023e	2024e
Share price	6.44	6.70	11.5	39.0	40.0	40.0	40.0	40.0
Number of shares, millions	12.1	12.1	12.1	12.1	13.1	13.1	13.1	13.1
Market cap	78	81	138	471	523	523	523	523
EV	57	61	122	451	458	455	438	416
P/E (adj.)	40.3	>100	26.4	45.6	42.1	44.9	26.4	22.7
P/E	52.9	>100	26.4	45.6	45.2	44.9	26.4	22.7
P/FCF	7.3	neg.	neg.	82.2	11.0	84.2	26.6	19.8
P/B	3.6	3.6	5.2	13.3	6.0	5.5	4.7	4.0
P/S	4.5	4.0	4.4	11.5	11.3	10.7	7.7	6.6
EV/Sales	3.3	3.0	3.9	11.0	9.9	9.3	6.4	5.2
EV/EBITDA	25.8	55.2	16.6	31.5	27.3	26.8	12.7	10.5
EV/EBIT (adj.)	22.1	>100	18.7	34.0	29.3	31.0	17.6	14.4
Payout ratio (%)	0.0 %	226.8 %	25.4 %	19.0 %	22.6 %	28.0 %	19.8 %	19.9 %
Dividend yield-%	0.0 %	1.5 %	1.0 %	0.4 %	0.5 %	0.6 %	0.8 %	0.9 %

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-%	
				2021e	2022e	2021e	2022e	2021e	2022e	2021e	2022e	2021e	2022e
Frontier Developments PLC	2685.0	1271	1247	54.9	34.4	28.6	19.5	11.6	7.6	61.9	39.4		
Embracer Group	190.2	8673	7477	331.6		20.6	10.1	8.0	4.3				
CD Projekt SA	188.8	4171	3966	31.3	30.3	27.0	27.4	14.0	15.1	36.2	32.9	2.5	1.7
Paradox Interactive AB (publ)	153.0	1658	1612	25.9	19.8	15.4	11.5	9.2	7.2	36.5	26.6	0.6	0.7
Koei Tecmo Holdings Co Ltd	5960.0	7712	7605	39.6	30.3	38.7	31.5	16.8	13.2	39.9	31.0	1.3	1.6
Sumo Group PLC	485.0	972	979	45.6	37.9	35.0	29.5	8.0	6.7	54.6	46.7		
Team17 Group PLC	797.5	1225	1155	33.1	29.9	29.6	26.9	11.0	10.0	41.9	38.3		
Playway SA	433.4	645	611	16.0	12.7	16.0	12.7	11.5	9.0	22.9	17.1	2.9	3.5
11 Bit Studios SA	428.0	221	200	52.8	24.9	34.5	18.0	15.1	7.2	49.3	26.0		
Enad Global 7	39.8	360	306	8.9	5.0	6.0	3.9	1.6	1.4	15.7	6.5		
Tinybuild Inc	272.0	649	627	56.0	35.6	38.2	33.3	15.0	13.5	55.8	49.9		
Remedy (Inderes)	40.0	523	458	29.3	31.0	27.3	26.8	9.9	9.3	42.1	44.9	0.5	0.6
Average				63.2	26.1	26.3	20.4	10.7	8.5	41.5	31.4	1.8	1.9
Median				39.6	29.9	28.6	19.5	11.2	7.4	40.9	31.9	1.9	1.7
Diff-% to median				-26%	4%	-4%	38%	-12%	26%	3%	41%	-74%	-63%

Source: Thomson Reuters / Inderes NB: The market cap Inderes uses does not consider own shares held by the company

Income statement

Income statement	2018	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21	Q3'21e	Q4'21e	2021e	2022e	2023e	2024e
Revenue	20.1	31.6	7.8	9.1	9.9	14.2	41.1	8.1	9.4	12.6	16.2	46.3	49.1	68.3	79.8
EBITDA	1.1	7.4	1.3	2.3	3.7	7.0	14.3	1.1	2.6	5.0	8.0	16.8	17.0	34.4	39.6
Depreciation	-0.5	-0.8	-0.2	-0.3	-0.3	-0.3	-1.1	-0.3	-0.3	-0.3	-0.3	-1.1	-2.3	-9.5	-10.7
EBIT (excl. NRI)	0.6	6.5	1.1	2.1	3.4	6.6	13.2	0.9	2.3	4.8	7.7	15.6	14.7	24.8	28.9
EBIT	0.6	6.5	1.1	2.1	3.4	6.6	13.2	0.9	2.3	4.8	7.7	15.6	14.7	24.8	28.9
Net financial items	0.1	0.0	0.0	0.0	-0.1	-0.2	-0.3	-1.0	-0.1	-0.1	-0.1	-1.2	-0.1	-0.1	-0.1
PTP	0.7	6.6	1.1	2.1	3.3	6.5	12.9	-0.2	2.2	4.7	7.7	14.4	14.6	24.7	28.8
Taxes	-0.1	-1.3	-0.2	-0.4	-0.7	-1.3	-2.6	0.0	-0.4	-0.9	-1.5	-2.9	-2.9	-4.9	-5.8
Net earnings	0.5	5.2	0.8	1.7	2.7	5.2	10.3	-0.1	1.8	3.8	6.1	11.6	11.7	19.8	23.0
EPS (adj.)	0.04	0.43	0.07	0.14	0.22	0.43	0.86	0.06	0.14	0.29	0.47	0.95	0.89	1.51	1.76
EPS (rep.)	0.04	0.43	0.07	0.14	0.22	0.43	0.86	-0.01	0.14	0.29	0.47	0.88	0.89	1.51	1.76

Key figures	2018	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21	Q3'21e	Q4'21e	2021e	2022e	2023e	2024e
Revenue growth-%	17.3 %	57.1 %					29.8 %	3.4 %	3.2 %	27.1 %	14.1 %	12.8 %	5.9 %	39.1 %	16.9 %
Adjusted EBIT growth-%	-49%	973%					103%	-21%	10%	38%	16%	18.1%	-6.2 %	69.4 %	16.4 %
EBITDA-%	5.5 %	23.2 %	16.8 %	25.6 %	37.3 %	49.0 %	34.8 %	13.9 %	27.6 %	40.1 %	49.4 %	36.2 %	34.6 %	50.4 %	49.6 %
Adjusted EBIT-%	3.0 %	20.6 %	13.7 %	22.9 %	34.7 %	46.8 %	32.2 %	10.5 %	24.5 %	37.8 %	47.7 %	33.8 %	29.9 %	36.4 %	36.2 %
Net earnings-%	2.6 %	16.6 %	10.8 %	18.1 %	26.9 %	36.4 %	25.2 %	-1.6 %	18.8 %	29.9 %	37.9 %	24.9 %	23.8 %	29.0 %	28.9 %

Source: Inderes

Balance sheet

Assets	2019	2020	2021e	2022e	2023e
Non-current assets	5.1	10.4	18.0	24.3	24.0
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	2.8	7.7	15.5	22.6	22.7
Tangible assets	1.8	2.2	1.9	1.1	0.8
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	0.6	0.6	0.6	0.6
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	30.8	37.9	76.9	78.5	95.5
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	11.2	14.2	9.3	8.3	10.9
Cash and equivalents	19.6	23.7	67.6	70.1	84.6
Balance sheet total	35.9	48.4	94.8	103	120

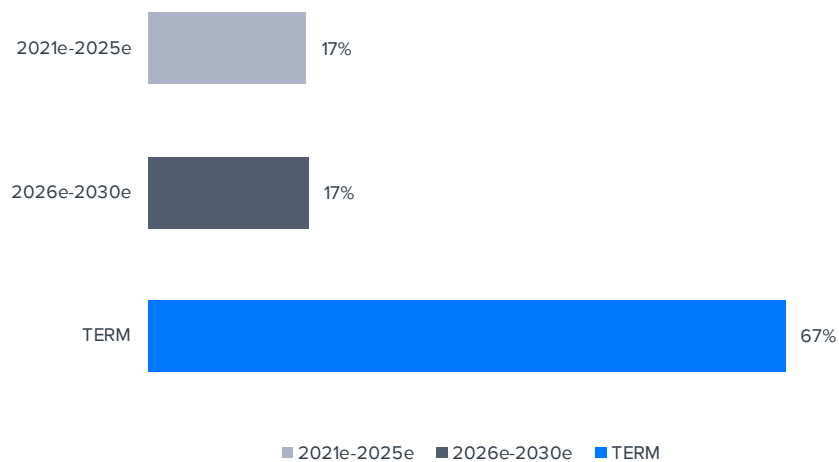
Source: Inderes

Liabilities & equity	2019	2020	2021e	2022e	2023e
Equity	26.4	35.4	86.5	95.5	112
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	12.5	21.5	31.1	40.2	56.7
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	13.7	13.7	55.2	55.2	55.2
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	3.7	2.8	1.9	0.9	0.0
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	3.7	2.8	1.9	0.9	0.0
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	5.8	10.2	6.5	6.3	7.5
Short term debt	0.0	0.9	0.9	0.9	0.0
Payables	5.8	9.3	5.6	5.4	7.5
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	35.9	48.4	94.8	103	120

DCF calculation

DCF model	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	TERM
EBIT (operating profit)	13.2	15.6	14.7	24.8	28.9	35.1	41.5	45.6	47.9	50.3	51.8	
+ Depreciation	1.1	1.1	2.3	9.5	10.7	10.0	9.3	8.9	10.4	9.9	9.7	
- Paid taxes	-2.6	-2.9	-2.9	-4.9	-5.8	-7.0	-8.3	-9.1	-9.6	-10.1	-10.4	
- Tax, financial expenses	-0.1	-0.2	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	1.2	0.8	-0.5	0.2	0.3	0.7	1.0	1.2	0.0	0.0	
Operating cash flow	12.1	14.9	14.8	28.9	34.0	38.5	43.2	46.4	49.9	50.2	51.2	
+ 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	-6.4	-8.7	-8.6	-9.3	-7.6	-8.6	-8.6	-8.6	-9.6	-9.6	-9.8	
Free operating cash flow	5.7	6.2	6.2	19.6	26.4	29.9	34.6	37.8	40.3	40.6	41.4	
+/- Other	0.0	41.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	5.7	47.7	6.2	19.6	26.4	29.9	34.6	37.8	40.3	40.6	41.4	898
Discounted FCFF		46.7	5.6	16.6	20.7	21.7	23.3	23.7	23.4	21.9	20.7	449
Sum of FCFF present value		673	626	621	604	583	562	539	515	491	470	449
Enterprise value DCF		673										
- Interesting bearing debt		-3.7										
+ Cash and cash equivalents		23.7										
-Minorities		0.0										
-Dividend/capital return		-2.0										
Equity value DCF		691										
Equity value DCF per share		52.9										

Cash flow distribution



Wacc

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	5.0 %
Equity Beta	1.00
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.0 %
Cost of equity	7.8 %
Weighted average cost of capital (WACC)	7.8 %

Source: Inderes

Summary

Income statement	2018	2019	2020	2021e	2022e	Per share data	2018	2019	2020	2021e	2022e
Revenue	20.1	31.6	41.1	46.3	49.1	EPS (reported)	0.04	0.43	0.86	0.88	0.89
EBITDA	1.1	7.4	14.3	16.8	17.0	EPS (adj.)	0.04	0.43	0.86	0.95	0.89
EBIT	0.6	6.5	13.2	15.6	14.7	OCF / share	0.19	-0.04	1.00	1.14	1.13
PTP	0.7	6.6	12.9	14.4	14.6	FCF / share	-0.05	-0.25	0.47	3.65	0.48
Net Income	0.5	5.2	10.3	11.6	11.7	Book value / share	1.85	2.19	2.93	6.62	7.31
Extraordinary items	0.0	0.0	0.0	0.0	0.0	Dividend / share	0.10	0.11	0.15	0.20	0.25
Balance sheet	2018	2019	2020	2021e	2022e	Growth and profitability	2018	2019	2020	2021e	2022e
Balance sheet total	28.3	35.9	48.4	94.8	102.7	Revenue growth-%	17%	57%	30%	13%	6%
Equity capital	22.4	26.4	35.4	86.5	95.5	EBITDA growth-%	-50%	568%	95%	17%	1%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	-76%	973%	103%	18%	-6%
Net debt	-20.1	-15.9	-20.0	-64.8	-68.3	EPS (adj.) growth-%	-72%	884%	97%	11%	-6%
Cash flow	2018	2019	2020	2021e	2022e	EBITDA-%	5.5 %	23.2 %	34.8 %	36.2 %	34.6 %
EBITDA	1.1	7.4	14.3	16.8	17.0	EBIT (adj.)-%	3.0 %	20.6 %	32.2 %	33.8 %	29.9 %
Change in working capital	1.3	-6.5	0.4	1.2	0.8	EBIT-%	3.0 %	20.6 %	32.2 %	33.8 %	29.9 %
Operating cash flow	2.3	-0.5	12.1	14.9	14.8	ROE-%	2.4 %	21.5 %	33.5 %	19.0 %	12.8 %
CAPEX	-2.9	-2.5	-6.4	-8.7	-8.6	ROI-%	2.5 %	23.6 %	38.3 %	24.4 %	15.7 %
Free cash flow	-0.7	-3.0	5.7	47.7	6.2	Equity ratio	79.1%	73.5 %	73.2 %	91.2 %	93.0 %
						Gearing	-89.9 %	-60.2 %	-56.6 %	-74.9 %	-71.5 %
Valuation multiples	2018	2019	2020	2021e	2022e						
EV/S	3.0	3.9	11.0	9.9	9.3						
EV/EBITDA (adj.)	55.2	16.6	31.5	27.3	26.8						
EV/EBIT (adj.)	>100	18.7	34.0	29.3	31.0						
P/E (adj.)	>100	26.4	45.6	42.1	44.9						
P/E	3.6	5.2	13.3	6.0	5.5						
Dividend-%	1.5 %	1.0 %	0.4 %	0.5 %	0.6 %						

Source: Inderes

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Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
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
30-05-17	Accumulate	7.40 €	6.69 €
17-08-17	Buy	7.50 €	6.31 €
19-02-17	Buy	7.50 €	5.90 €
04-06-18	Buy	8.50 €	7.30 €
15-08-18	Buy	8.50 €	6.75 €
13-02-19	Accumulate	9.00 €	8.25 €
03-07-19	Accumulate	10.00 €	9.28 €
14-08-19	Accumulate	11.50 €	10.65 €
05-12-19	Accumulate	11.50 €	10.15 €
16-02-20	Accumulate	15.50 €	13.80 €
31-03-20	Buy	18.00 €	14.80 €
21-04-20	Accumulate	20.00 €	18.55 €
16-08-20	Reduce	33.00 €	33.80 €
27-10-20	Accumulate	33.00 €	29.00 €
10-12-20	Accumulate	38.00 €	34.00 €
14-02-21	Accumulate	50.00 €	45.00 €
08-04-21	Accumulate	50.00 €	43.75 €
12-05-21	Accumulate	50.00 €	41.30 €
16-08-21	Accumulate	50.00 €	43.00 €
14-09-21	Buy	50.00 €	40.00 €



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Itämerentori 2

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