

Revenio Group

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Aika on lopulta omistajan puolella” published on 2/11/2022 at 6:40 am

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Time is on the shareholder's side in the end

We reiterate our Accumulate recommendation for Revenio but lower our target price to EUR 48.0 (previously EUR 58.0). The company's Q4 result exceeded expectations, but we have cut our estimates for the next few years by 10-15%. This year, R&D costs clearly weigh on profitability and growth is unlikely to reach our previous expectations (especially HOME). The long-term growth outlook is still excellent and time is on the shareholder's side, but as required returns rise, valuation is no longer examined years into the future. This is also visible in Revenio's valuation (2023e EV/EBIT 32x).

Q4 result exceeded expectations

In Q4, Revenio's net sales were EUR 23.8 million, increasing by 20.7%. Growth clearly exceeded our estimate (+15%) and the consensus (+12%), especially due to the excellent growth in imaging devices. Growth was supported by a stronger dollar, but also adjusted for exchange rates, growth was very good at 18.7%. On the other hand, the company was very successful in deliveries, while the shortage of components threw spanners in the works. The operating result also developed excellently as the adjusted EBIT was EUR 7.7 million, which represents a margin of 32.6%. The operating result clearly exceeded expectations (Inderes 6.9 MEUR and consensus 6.7 MEUR). The gross margin was very strong in Q4 (>70%), supported by particularly strong sales in the US. There was nothing wrong with cash flow or the balance sheet either, and in terms of overall result Q4 was very strong.

Still downward pressure in estimates for next few years

Revenio's guidance is that exchange rate adjusted net sales will grow strongly and profitability will be at a good level without non-recurring items in 2022. The guidance was expected, but its information value is low. Imaging devices will act as the growth driver. Here, Revenio's market share is modest (possibly around 7%) and products (DRSplus and EIDON Ultra-Widefield in particular) are very competitive. On the other hand, growth in tonometers will be clearly lower. The HOME2 product received FDA approval early in the year, but our own estimates for the HOME product family have decreased significantly for the next few years. This was reflected negatively in growth expectations and profit forecasts. With a renewed strategy HOME2 can get a flying start, but so far, we have been too optimistic about the product family. We expect that the profitability improvement in 2022 will be significantly weakened by the fact that Revenio's R&D investments will increase to more than 10% of net sales (2021: 7.5%). As a sum of these factors, we have lowered the estimates for the next few years by 10-15%. At the same time, we also introduced a safety margin to longer-term estimates, where visibility is weak for the time being.

Not cheap by any measure, but we stay on board

The share has fallen by 37% from its peak, but the company is still not in the bargain bin (2022e P/E 55x). On the other hand, expectations have come down clearly along the way and the required return has increased. Valuation remains very high by any measure, but for a strong value-creator this is expected. The 2022 multiples are extremely high but in terms of the target price, sights are already set on acceptable multiples of 2023 (P/E 44x and EV/EBIT 32x). If the strong earnings growth we estimate (EPS growth some 22% 2022-2024e CAGR) materializes, we believe the expected return is quite good at the current level. While we are concerned about how the share will be valued one year from now, we are confident that the company will be more valuable next year. In terms of timing, we were wrong before and we stress that the valuation requires a long-term approach and owner's attitude from investors.

Recommendation

Accumulate

(previous Accumulate)

EUR 48.00

(previous EUR 58.00)

Share price:

44.30



Key figures

	2021	2022e	2023e	2024e
Revenue	79	96	116	141
growth-%	29%	22%	21%	21%
EBIT adj.	24.5	28.4	36.5	45.6
EBIT-% adj.	31.1 %	29.6 %	31.5 %	32.5 %
Net Income	17.3	21.4	26.9	33.6
EPS (adj.)	0.74	0.85	1.06	1.32
P/E (adj.)	75.1	52.4	41.9	33.5
P/B	18.9	13.2	11.3	9.6
Dividend yield-%	0.7 %	1.0 %	1.3 %	1.6 %
EV/EBIT (adj.)	60.4	41.3	31.8	25.0
EV/EBITDA	57.7	38.8	30.3	23.9
EV/S	18.8	12.3	10.0	8.1

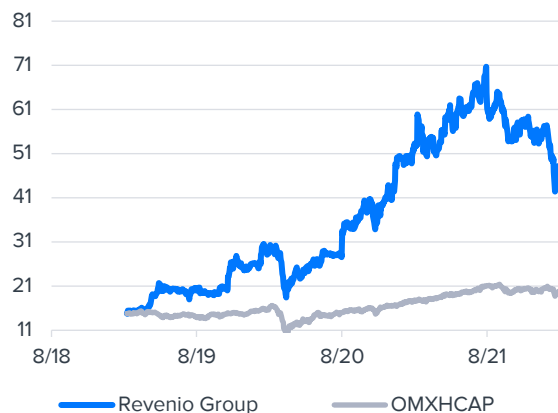
Source: Inderes

Guidance

(New guidance)

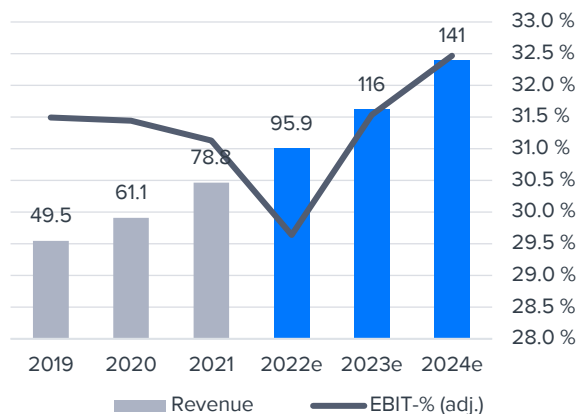
Revenio Group's exchange rate-adjusted net sales are estimated to grow strongly from the previous year and profitability is to remain at a good level without non-recurring items.

Share price



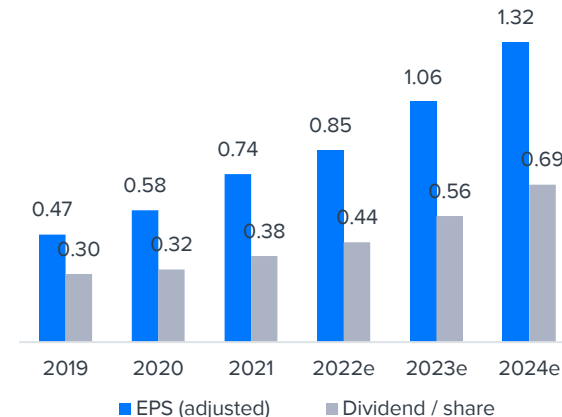
Source: Thomson Reuters

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Strong earnings growth outlook in next few years
- Good predictability of the result and cash flow
- Strong competitive protection and growth drivers give support
- Attractive long-term growth potential in new products
- Excellent track record of value creation



Risk factors

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

Valuation	2022e	2023e	2024e
Share price	44.3	44.3	44.3
Number of shares, millions	26.7	26.7	26.7
Market cap	1182	1182	1182
EV	1175	1161	1140
P/E (adj.)	52.4	41.9	33.5
P/E	55.4	43.9	35.2
P/FCF	69.1	44.4	32.8
P/B	13.2	11.3	9.6
P/S	12.3	10.2	8.4
EV/Sales	12.3	10.0	8.1
EV/EBITDA	38.8	30.3	23.9
EV/EBIT (adj.)	41.3	31.8	25.0
Payout ratio (%)	55.0 %	55.0 %	55.0 %
Dividend yield-%	1.0 %	1.3 %	1.6 %

Source: Inderes

Q4 result exceeded expectations

Net sales grew nicely

In Q4, Revenio's net sales were EUR 23.8 million, increasing by 20.7%. Growth clearly exceeded our estimates (+15%) and the consensus (+12%). Growth was as expected supported by the strong US dollar, but also adjusted for exchange rates growth was very good at 18.7%. According to the company, the very strong sales were particularly attributable to good performance of imaging devices in all main markets combined with high order fulfillment despite global component shortages

We believe the growth in net sales of tonometers was relatively moderate (estimated 5-10%), so the growth of imaging devices and the absolute net sales level was excellent in Q4. This means that the COVID slump has now been completely bridged also on this side and in future growth must be generated primarily through market shares. Revenio has already won significant market shares, and we believe that this will continue.

Gross margins are in order

The operating result also developed excellently as the adjusted EBIT was EUR 7.7 million, which represents a margin of 32.6%. The gross margin was very strong in Q4 (>70%), supported by strong sales in the US (better margins through direct sales). On the other hand, we expect that the high share of imaging devices in sales had somewhat of a negative effect on this. In practice, the result reached the level of the comparison period, even though the result in the Q4'20 comparison period was supported by a EUR 1.0 million non-recurring item connected to the CenterVue acquisition. On the other hand, it should be noted that other operating income included subsidies related to R&D investments and responsible management of the pandemic.

The reported operating profit (7.1 MEUR) was depressed by remaining EUR 0.6 million write-downs from the Cutica skin cancer camera. The positive here is that this was the last write-down from Cutica

(last recognition) and the business generates no costs for Revenio. The write-down brought the operating profit close to our estimate (6.9 MEUR), but our estimate did not include non-recurring items. The operating result thus clearly exceeded our estimate, and the consensus with an ever clearer margin. EPS was EUR 0.21, which was close to our estimate (EUR 0.20). In terms of the result, Q4 was very strong overall.

Good cash flow and strong balance sheet

Revenio's operational cash flow was also excellent, EUR 11.0 million (Q4'20 6.2 MEUR), which was supported by effective working capital control. The company's balance sheet is in very good condition. The Group's equity ratio was 63% and the company is net-debt-free. As regards the balance sheet, the loan transferred to liabilities has been renegotiated early in the year. The dividend proposal was EUR 0.34, but the dividend yield will be insignificant.

Estimates MEUR / EUR	Q4'20	Q4'21	Q4'21e	Q4'21e	Consensus		Difference (%)	2021
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Toteutunut
Revenue	19.7	23.8	22.7	22.1	21.1	22.7	5%	78.8
EBIT	7.6	7.2	6.9	6.7	5.8	7.3	4%	22.1
EPS (reported)	0.22	0.21	0.20	0.19	0.15	0.21	2%	0.65
DPS	0.32	0.34	0.38	0.35	0.33	0.38	-11%	0.34
Revenue growth-%	31.7 %	20.6 %	15.1%	12.1%	7.0 %	15.1%	5.5 pp	29.1%
Liikevoitto-%	38.7 %	30.1%	30.3 %	30.5 %	27.5 %	32.2 %	-0.2 pp	28.0 %

Source: Inderes & Infront (consensus)

Still downward pressure in estimates for next few years

No big surprises in the outlook

Revenio's guidance is that exchange rate adjusted net sales will grow strongly and profitability will be at a good level without non-recurring items in 2022. As a whole, the guidance was in line with our expectations. The information value of the guidance is low, and the same with what Revenio set out in 2021 (later the growth guidance was raised to the "very strong" level). Market comments were also in line with our expectations.

The company estimates that the growth of imaging devices will be faster than the growth in tonometers in the next few years. The imaging device market is larger and Revenio's market share is modest (possibly around 7%), but the main products are very competitive. In particular, iCare DRSplus and iCare EIDON Ultra-Widefield are quickly winning market shares and we do not see this trend changing in the near future. It is difficult to estimate the rate of growth, but we estimate that Revenio's growth will be in a different ballpark than market growth (under 5%) in the next few years. The growth rate is likely to slow down from the whopping 2021 levels but will according to our estimates continue as very strong

(20-30%).

On the other hand, the realistic growth rate in tonometers is probably somewhere between 5 and 15% in the short term, when market growth has returned to the trend seen before COVID. Although Revenio is still winning market shares in tonometers the rate is inevitably slower with a market share of over 30%. Growth is supported by an increased number of devices, which increases sensor sales. According to Revenio, more than 30 million patient measurements were performed with the company's tonometers during 2021.

HOME is not on the growth curve we expected

For HOME2, positive news was received, as early in the year, the U.S. Food and Drug Administration, FDA granted a marketing authorization for the iCare HOME2 tonometer. Still, our estimates for the HOME product family have fallen significantly for the next few years. In the past, we estimated that the net sales of HOME products would be higher than it has been, and the slope of our growth estimate has also been too steep. The HOME product family has been in the highest growth rate category in our estimates, so the

shrinking of the "growth base" also effects the Group's net sales growth. Revenio has not published a sales distribution into product areas, which is why we have estimated, for example, the net sales of the HOME product family as a share of net sales.

R&D costs rise sharply in 2022

We expect that the profitability improvement in 2022 will be significantly weakened by the fact that Revenio's R&D investments will increase to more than 10% of net sales (2021: 7.5%). The difference is considerable and we did not expect a strong increase. Some of the costs will be capitalized, but we also believe the earnings impact will be significant. As a sum of these factors, we have lowered the estimates for the next few years significantly. Although the changes in net sales were quite small, with a 70% gross margin they will hit the result negatively. In general, there is upward pressure in the cost structure, and after reassessing 2022 we also decided to apply a safety margin to our 2023 estimates, even though we expect R&D costs to return to a lower level in 2023.

Estimate revisions	2021	2021e	Change	2022e	2022e	Change	2023e	2023e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	77.7	78.8	1%	97.6	95.9	-2%	121	116	-4%
EBITDA	24.8	25.7	4%	33.7	30.3	-10%	44.2	38.3	-13%
EBIT (exc. NRIs)	23.6	24.5	4%	31.9	28.4	-11%	42.4	36.5	-14%
EBIT	21.8	22.1	1%	30.7	27.2	-11%	41.4	35.3	-15%
PTP	21.7	22.1	2%	30.1	27.0	-10%	40.7	34.5	-15%
EPS (excl. NRIs)	0.71	0.74	4%	0.93	0.85	-10%	1.23	1.06	-14%
DPS	0.38	0.38	0%	0.52	0.44	-15%	0.62	0.56	-10%

Still not in the bargain bin

Valuation is high but will decrease over time

Revenio's share has fallen by some 37% from its peak, which has been reflected in the valuation despite the negative estimate revisions. The underlying reason is higher interest rates, which are reflected in investors' required returns especially in growth companies like Revenio. The valuation remains very high by any measure, but for a Nasdaq Helsinki superstar and a strong value-creator this is expected. The valuation risk is still significant because Revenio is still expensive (2022e P/E 55x) with the current result. In terms of timing, we do not see the situation as favorable for risk taking because, in the current market environment, investors do not seem willing to wait for results far in the future. However, we are prepared to carry a valuation risk in Revenio because the company will be more valuable next year and there will also be positive optionality in Revenio (e.g. acquisitions). Therefore, time is on the shareholder's side, but the story requires patience.

The multiples for 2022 are very high (P/E about 55x and EV/EBIT 41x), but for Revenio we already rely on 2023. Then P/E will be a reasonable 44x and EV/EBIT will be around 32x, even though we significantly reduced our 2023 estimates. This valuation is reasonable for a rapidly growing quality company, but much earnings growth will be required before then. If the earnings growth we estimate (EPS growth around 22% 2022-2025e CAGR) materializes, we believe investors' expected return is quite good at the current level. Now, our confidence in the estimates has also improved, as they do not rely as much on uncertain HOME products. With 2024 estimates, P/E is 35x.

We feel the current valuation is tolerable considering the excellent track-record, strong structural long-term

growth drivers, and the company's deep moats (patents, brand, typically slow-moving industry, and high threshold for entering the industry). The risk level of the business is moderate due to the defensiveness of the industry and the company's strong competitive advantages.

We also see as positive that Demant, the largest owner of the company, has continued increasing its holding (13.15%) in the company, providing some support for the valuation. However, investors bear significant risk related to strong earnings growth estimates and high valuation multiples. It is difficult to estimate the rate of earnings growth in Revenio, although the direction is clear.

DCF calculation

We have raised the required return in our DCF calculation, which now gives Revenio's share a value of approximately EUR 50 with demanding assumptions. The DCF value is driven especially by high assumptions of long-term growth and profitability and even if visibility is exceptionally good for Revenio there is naturally a lot of uncertainty related to the estimates reaching past 10 years. The weight of the terminal period (76%) is very high and emphasizes the high expectations still loaded into the share in the long term.

In our DCF calculation we have now used 6.8% as the cost of equity (prev. 6.4%) and WACC is 6.7% (prev. 6.1%). Both are still very low but justifiable for Revenio in our opinion. At the current valuation level investors must, however, accept a very moderate expected return as the required return is also low. Revenio's greatest risk is related to whether the market will accept such a low expected return in the future. Thus, the situation has not changed in this respect.

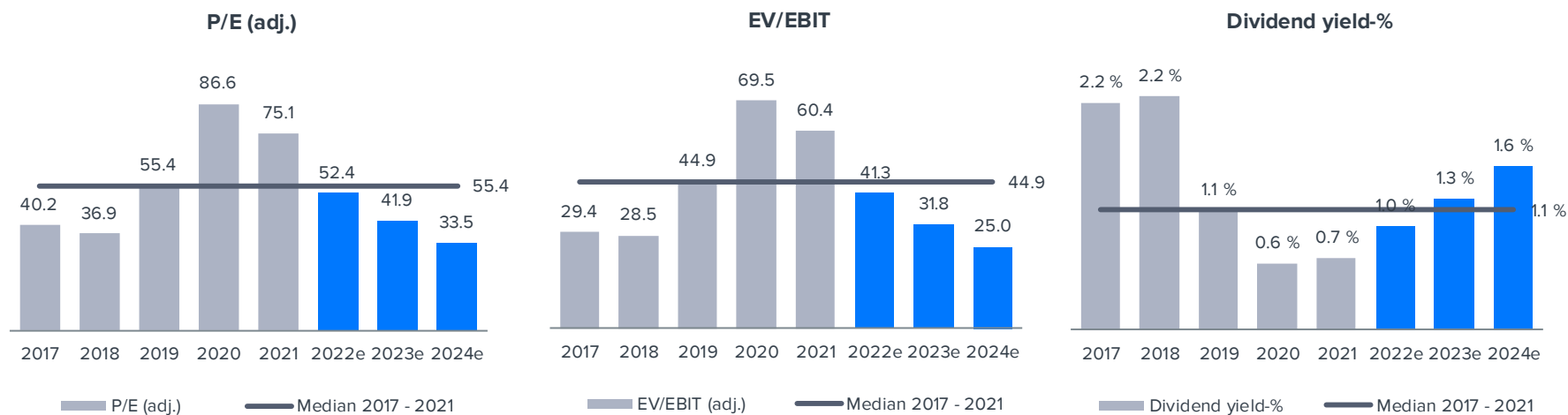
Valuation	2022e	2023e	2024e
Share price	44.3	44.3	44.3
Number of shares, millions	26.7	26.7	26.7
Market cap	1182	1182	1182
EV	1175	1161	1140
P/E (adj.)	52.4	41.9	33.5
P/E	55.4	43.9	35.2
P/FCF	69.1	44.4	32.8
P/B	13.2	11.3	9.6
P/S	12.3	10.2	8.4
EV/Sales	12.3	10.0	8.1
EV/EBITDA	38.8	30.3	23.9
EV/EBIT (adj.)	41.3	31.8	25.0
Payout ratio (%)	55.0 %	55.0 %	55.0 %
Dividend yield-%	1.0 %	1.3 %	1.6 %

Source: Inderes

Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	12.0	12.6	26.3	50.3	55.6	44.3	44.3	44.3	44.3
Number of shares, millions	23.9	23.9	26.0	26.6	26.7	26.7	26.7	26.7	26.7
Market cap	287	301	697	1337	1482	1182	1182	1182	1182
EV	279	290	700	1335	1482	1175	1161	1140	1117
P/E (adj.)	40.2	36.9	55.4	86.6	75.1	52.4	41.9	33.5	28.7
P/E	42.0	36.9	73.0	>100	85.7	55.4	43.9	35.2	28.7
P/FCF	39.8	36.0	neg.	>100	>100	69.1	44.4	32.8	28.0
P/B	18.0	16.6	10.8	19.2	18.9	13.2	11.3	9.6	8.1
P/S	10.7	9.8	14.1	21.9	18.8	12.3	10.2	8.4	7.0
EV/Sales	10.4	9.5	14.1	21.9	18.8	12.3	10.0	8.1	6.6
EV/EBITDA	27.9	27.1	47.9	61.5	57.7	38.8	30.3	23.9	19.4
EV/EBIT (adj.)	29.4	28.5	44.9	69.5	60.4	41.3	31.8	25.0	20.7
Payout ratio (%)	90.9 %	82.3 %	85.1 %	63.7 %	58.6 %	55.0 %	55.0 %	55.0 %	60.0 %
Dividend yield-%	2.2 %	2.2 %	1.1 %	0.6 %	0.7 %	1.0 %	1.3 %	1.6 %	2.1 %

Source: Inderes



Peer group valuation

Peer group valuation	Share price	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%	
Company		MEUR	MEUR	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e
Revenio (konsensus)	44.30	1202	1211	44.2	34.7	39.4	31.6	13.2	11.2	55.3	43.6	0.9	1.0
Cooper Companies	407.27	17558	18769	25.1	22.0	19.8	17.0	6.5	6.0	28.3	25.0	0.0	0.0
Ametek	137.05	27649	29573	23.1	21.4	19.3	18.2	5.5	5.3	25.3	23.5	0.6	0.8
Halma	2429.00	10986	11312	30.4	27.9	25.7	23.5	6.4	6.0	38.2	34.9	0.8	0.9
Topcon	1576.00	1292	1505			9.1	8.3	1.2	1.2	23.7	19.4	1.3	1.5
Medtronic	105.84	124885	138124	17.3	16.1	15.6	14.6	4.9	4.7	18.7	17.3	2.3	2.4
EssilorLuxottica SA	175.18	78875	81384	22.4	21.2	14.8	13.5	3.6	3.5	29.9	26.9	1.7	1.9
Carl Zeiss Meditec	137.50	12298	12507	33.1	29.7	29.2	26.5	6.9	6.4	48.2	42.9	0.7	0.8
Ambu	128.15	3675	3844	80.3	45.6	45.5	30.4	6.0	5.1	124.7	68.5	0.2	0.4
Demand	272.80	9023	10390	21.2	19.4	16.5	15.2	3.8	3.6	24.1	21.1		
Optomed	8.20	116	116				174.1	6.7	5.5				
Revenio Group (Inderes)	44.30	1182	1175	41.3	31.8	38.8	30.3	12.3	10.0	52.4	41.9	1.0	1.3
Average				33.0	26.4	23.5	33.9	5.9	5.3	41.7	32.3	0.9	1.1
Median				25.1	22.0	19.6	18.2	6.0	5.3	29.1	26.0	0.8	0.9
Diff-% to median				64%	44%	98%	66%	103%	88%	80%	61%	25%	47%

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

Income statement

Income statement	2019	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22e	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue	49.5	61.1	16.7	18.9	19.4	23.8	78.8	20.4	22.5	24.4	28.7	95.9	116	141	169
Tonometers (estimate)	34.5	41.8	11.8	13.0	10.8	13.7	49.2	13.2	14.9	13.3	15.6	57.0	69.1	83.6	100
Imaging devices (estimate)	14.8	19.1	4.9	5.5	8.2	9.7	28.3	6.6	6.9	10.3	12.1	35.8	42.3	49.9	59.9
Oculo (estimate)	0.0	0.0	0.0	0.3	0.3	0.3	0.9	0.4	0.6	0.7	0.8	2.5	4.5	7.0	8.4
Other products (estimate)	0.1	0.2	0.1	0.1	0.2	0.1	0.4	0.2	0.2	0.2	0.2	0.6	0.0	0.0	0.0
EBITDA	14.6	21.7	5.3	5.1	6.8	8.6	25.7	6.0	6.3	8.4	9.7	30.3	38.3	47.7	57.6
Depreciation	-2.0	-4.6	-0.7	-0.7	-0.8	-1.4	-3.6	-0.8	-0.8	-0.8	-0.8	-3.1	-3.1	-3.7	-3.7
EBIT (excl. NRI)	15.6	19.2	5.5	4.7	6.2	8.1	24.5	5.6	5.8	7.9	9.2	28.4	36.5	45.6	54.0
EBIT	12.6	17.1	4.6	4.4	5.9	7.2	22.1	5.3	5.5	7.6	8.9	27.2	35.3	44.0	54.0
Net financial items	-0.3	-0.4	0.1	-0.1	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.2	-0.7	-0.9	-1.1
PTP	12.3	16.7	4.7	4.3	5.9	7.2	22.1	5.2	5.5	7.5	8.8	27.0	34.5	43.1	52.9
Taxes	-2.9	-3.4	-1.0	-0.9	-1.2	-1.8	-4.8	-1.1	-1.1	-1.6	-1.9	-5.7	-7.6	-9.5	-11.6
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	9.4	13.3	3.7	3.4	4.7	5.4	17.3	4.1	4.3	5.9	7.0	21.4	26.9	33.6	41.2
EPS (adj.)	0.47	0.58	0.17	0.14	0.19	0.24	0.74	0.17	0.17	0.23	0.27	0.85	1.06	1.32	1.55
EPS (rep.)	0.36	0.50	0.14	0.13	0.18	0.20	0.65	0.15	0.16	0.22	0.26	0.80	1.01	1.26	1.55

Key figures	2019	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22e	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue growth-%	61.4 %	23.4 %	40.8 %	37.9 %	23.2 %	20.6 %	29.1 %	21.7 %	19.5 %	25.4 %	20.5 %	21.7 %	20.8 %	21.3 %	20.0 %
Adjusted EBIT growth-%		23.2 %	102.2 %	26.1 %	7.6 %	16.4 %	27.8 %	0.9 %	23.4 %	26.3 %	13.7 %	15.9 %	28.5 %	24.9 %	18.3 %
EBITDA-%	29.5 %	35.5 %	31.5 %	27.0 %	34.9 %	36.0 %	32.6 %	29.6 %	27.9 %	34.3 %	33.7 %	31.6 %	33.1 %	34.0 %	34.2 %
Adjusted EBIT-%	31.5 %	31.4 %	32.9 %	25.0 %	32.1 %	34.0 %	31.1 %	27.3 %	25.8 %	32.3 %	32.0 %	29.6 %	31.5 %	32.5 %	32.0 %
Net earnings-%	18.9 %	21.9 %	22.1 %	18.3 %	24.3 %	22.8 %	22.0 %	20.2 %	19.2 %	24.4 %	24.3 %	22.3 %	23.2 %	23.9 %	24.5 %

Source: Inderes

Balance sheet

Assets	2020	2021	2022e	2023e	2024e
Non-current assets	58.3	69.8	71.2	72.8	73.3
Goodwill	50.4	59.8	59.8	59.8	59.8
Intangible assets	3.9	4.2	6.1	7.2	7.1
Tangible assets	2.0	2.6	2.4	2.9	3.5
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	1.0	1.9	1.9	1.9	1.9
Deferred tax assets	1.0	1.3	1.0	1.0	1.0
Current assets	43.1	40.8	45.9	64.6	89.2
Inventories	4.9	6.4	7.7	9.3	9.8
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	9.3	9.2	13.4	16.2	19.7
Cash and equivalents	28.9	25.2	24.8	39.1	59.7
Balance sheet total	114	125	130	149	172

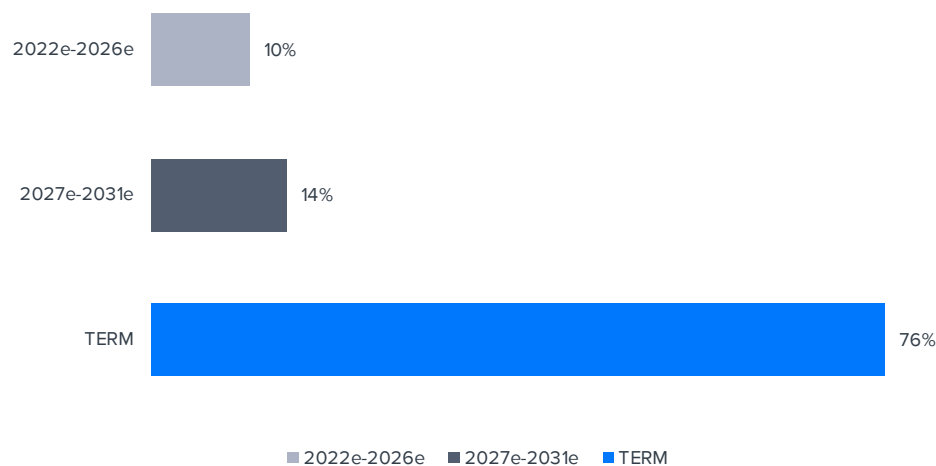
Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
Equity	69.7	78.4	89.6	105	124
Share capital	5.3	5.3	5.3	5.3	5.3
Retained earnings	14.0	22.1	33.3	48.5	67.3
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	50.4	51.0	51.0	51.0	51.0
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	27.0	5.8	19.1	19.1	19.1
Deferred tax liabilities	3.9	3.6	3.6	3.6	3.6
Provisions	0.3	0.5	0.5	0.5	0.5
Long term debt	22.4	1.7	15.0	15.0	15.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.4	0.0	0.0	0.0	0.0
Current liabilities	17.7	40.4	21.2	25.0	29.7
Short term debt	4.6	23.5	3.0	3.0	3.0
Payables	13.1	16.9	18.2	22.0	26.7
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	114	125	130	149	172

DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
EBIT (operating profit)	22.1	27.2	35.3	44.0	54.0	62.6	70.1	75.7	81.8	88.3	88.1	
+ Depreciation	3.6	3.1	3.1	3.7	3.7	3.7	4.2	4.4	4.4	4.2	4.3	
- Paid taxes	-5.4	-5.4	-7.6	-9.5	-11.6	-13.5	-15.2	-16.4	-17.8	-19.2	-19.1	
- Tax, financial expenses	0.0	0.0	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	
+ 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	2.4	-4.2	-0.6	0.7	-0.6	-0.5	-0.5	-0.4	-0.4	-0.4	-0.2	
Operating cash flow	22.7	20.7	30.0	38.7	45.2	52.0	58.4	63.1	67.8	72.6	72.9	
+ Change in other long-term liabilities	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-15.8	-3.6	-3.4	-2.7	-2.9	-5.9	-4.9	-3.7	-2.9	-4.8	-4.3	
Free operating cash flow	6.7	17.1	26.6	36.1	42.3	46.1	53.5	59.5	64.9	67.9	68.6	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	6.7	17.1	26.6	36.1	42.3	46.1	53.5	59.5	64.9	67.9	68.6	1929
Discounted FCFF		16.2	23.6	29.9	32.9	33.6	36.6	38.1	39.0	38.3	36.3	1020
Sum of FCFF present value		1344	1328	1305	1275	1242	1208	1171	1133	1094	1056	1020
Enterprise value DCF		1344										
- Interesting bearing debt		-25.2										
+ Cash and cash equivalents		25.2										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		1344										
Equity value DCF per share		50.4										

Cash flow distribution



Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	2.0 %
Cost of debt	3.0 %
Equity Beta	1.00
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.0 %
Cost of equity	6.8 %
Weighted average cost of capital (WACC)	6.7 %

Source: Inderes

Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	49.5	61.1	78.8	95.9	115.9	EPS (reported)	0.36	0.50	0.65	0.80	1.01
EBITDA	14.6	21.7	25.7	30.3	38.3	EPS (adj.)	0.47	0.58	0.74	0.85	1.06
EBIT	12.6	17.1	22.1	27.2	35.3	OCF / share	0.67	0.59	0.85	0.78	1.12
PTP	12.3	16.7	22.1	27.0	34.5	FCF / share	-0.33	0.50	0.25	0.64	1.00
Net Income	9.4	13.3	17.3	21.4	26.9	Book value / share	2.47	2.62	2.94	3.36	3.93
Extraordinary items	-3.0	-2.1	-2.4	-1.2	-1.3	Dividend / share	0.30	0.32	0.38	0.44	0.56
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	109.8	114.4	124.6	129.9	148.9	Revenue growth-%	61%	23%	29%	22%	21%
Equity capital	64.3	69.7	78.4	89.6	104.8	EBITDA growth-%	36%	49%	18%	18%	26%
Goodwill	50.4	50.4	59.8	59.8	59.8	EBIT (adj.) growth-%	53%	23%	28%	16%	29%
Net debt	3.0	-1.9	0.0	-6.8	-21.1	EPS (adj.) growth-%	39%	23%	27%	14%	25%
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	29.5 %	35.5 %	32.6 %	31.6 %	33.1 %
EBITDA	14.6	21.7	25.7	30.3	38.3	EBIT (adj.)-%	31.5 %	31.4 %	31.1 %	29.6 %	31.5 %
Change in working capital	2.3	-2.1	2.4	-4.2	-0.6	EBIT-%	25.5 %	28.0 %	28.0 %	28.4 %	30.4 %
Operating cash flow	17.5	15.8	22.7	20.7	30.0	ROE-%	22.7 %	19.9 %	23.4 %	25.4 %	27.7 %
CAPEX	-68.0	-2.5	-15.8	-3.6	-3.4	ROI-%	22.4 %	17.9 %	22.1 %	25.8 %	30.6 %
Free cash flow	-8.5	13.2	6.7	17.1	26.6	Equity ratio	58.6 %	60.9 %	63.0 %	69.0 %	70.4 %
						Gearing	4.7 %	-2.7 %	0.0 %	-7.6 %	-20.1 %
Valuation multiples	2019	2020	2021	2022e	2023e						
EV/S	14.1	21.9	18.8	12.3	10.0						
EV/EBITDA (adj.)	47.9	61.5	57.7	38.8	30.3						
EV/EBIT (adj.)	44.9	69.5	60.4	41.3	31.8						
P/E (adj.)	55.4	86.6	75.1	52.4	41.9						
P/E	10.8	19.2	18.9	13.2	11.3						
Dividend-%	1.1 %	0.6 %	0.7 %	1.0 %	1.3 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
18-09-17	Accumulate	12.33 €	11.58 €
26-10-17	Accumulate	12.67 €	11.89 €
16-02-18	Accumulate	13.33 €	12.07 €
23-04-18	Reduce	14.20 €	14.18 €
07-08-18	Reduce	15.80 €	16.48 €
26-10-18	Accumulate	14.50 €	13.76 €
15-02-19	Accumulate	16.50 €	15.46 €
16-04-19	Accumulate	21.00 €	18.80 €
26-04-19	Accumulate	21.00 €	19.10 €
16-08-19	Accumulate	21.00 €	19.40 €
02-10-19	Accumulate	21.00 €	19.22 €
25-10-19	Accumulate	24.50 €	23.20 €
26-11-19	Reduce	24.50 €	25.55 €
21-02-20	Accumulate	31.00 €	28.85 €
19-03-20	Buy	24.00 €	18.48 €
23-04-20	Accumulate	25.00 €	22.75 €
07-08-20	Reduce	34.00 €	33.50 €
23-10-20	Reduce	36.00 €	38.05 €
21-12-20	Reduce	44.00 €	48.65 €
12-02-21	Accumulate	60.00 €	53.00 €
26-04-21	Accumulate	65.00 €	59.20 €
<i>Analyst changed</i>			
09-06-21	Accumulate	65.00 €	59.50 €
06-08-21	Reduce	65.00 €	64.80 €
22-10-21	Accumulate	58.00 €	55.40 €
11-02-22	Accumulate	48.00 €	44.30 €



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