

KH Group

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Arvo sulaa Indoorin yskiessä” published on 8/12(2024 at 8:00 am EEST

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The value melts as Indoor sputters

On Friday, KH Group revised its guidance for the current year for a second time, referring to Indoor's poor performance and sending a message about really weak Q2 figures. We cut our estimates especially for indoor Group, but also slightly for KH-Koneet. Our sum-of-the-parts calculation still indicates clear value related to KH Group's balance sheet, but in a very challenging business environment, significant leverage combined with poor performance exposes the entity to value destruction. Due to the weakened risk/reward ratio of the stock, we lower our target price to EUR 0.60 (0.72) and revise our recommendation to Reduce (was Accumulate).

The profit warning clearly referred to Indoor, but KH-Koneet's sputtering has probably also continued

KH Group's updated outlook expects 340-360 MEUR pro forma revenue and 4-7 MEUR pro forma EBIT (was 370-390 MEUR revenue, 9-13 MEUR EBIT). With two drastically reduced guidance items, this year will be a clear disappointment. With current data, it is challenging to assess to what extent the Group suffers from temporary cyclical weakness and to what extent the relative competitiveness of the subsidiaries has deteriorated. In its profit warning, KH Group specifically referred to Indoor's weakness and stated that the furniture market is not expected to recover in H2. In the furniture market, Ikea has been very aggressive, which amidst a shrinking market, pushes other players into a tight position. Ideally, the Group's challenges are limited to Indoor Group, but after the Group's substantial profit warning and exceptionally weak Q1 performance, the development of KH-Koneet also worries us.

Estimates cut for Indoor Group and KH-Koneet

The profit warning was not a significant surprise, as our estimates were at the bottom of the previous guidance range and we flagged the risk related to the guidance in connection with our previous update. However, the scale of the profit warning surprised us and brought the balance sheet concerns back to the surface. We cut our estimates especially for indoor Group, but also for KH-Koneet. Our updated estimates for 2024 predict pro forma revenue of 354 MEUR for current operations and an operating result of 6.2 MEUR (previous pf revenue : 378 MEUR, operating result 9.7 MEUR). In connection with the profit warning, the company said that it does not expect the furniture market to improve during the year, but H2 is seasonally stronger for Indoor and the completion of the new ERP system should create conditions for the company to improve. In connection with the Q2 report, our attention is particularly focused on Indoor and KH-Koneet.

There is value, but it is quickly destroyed at the current performance level

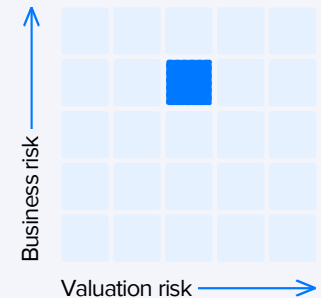
Our sum-of-the-parts calculation indicates a value of EUR 0.78 per share for KH Group. In our opinion, there is no doubt that significant value can be extracted from KH Group's balance sheet and the stock's bull thesis is easy to communicate: Balance sheet risks will not materialize, relative profitability of KH-Koneet and Indoor Group will recover to historical levels as the cycle turns, which pushes earnings-based valuation to a low level and enables a structural change. However, due to the balance sheet risk caused by significant leverage, the fair value of the stock is very sensitive to changes in the performance of subsidiaries, and a turn for the better is urgently needed to avoid balance sheet risks. The Group's challenges are undeniably focused on Indoor Group, and we believe that KH-Koneet would separately be priced with a higher multiple, as the current ownership structure poses a risk of the challenges in Indoor being prolonged and weak capital allocation, where Indoor's debt would also infect the parent through excessive capitalization.

Recommendation

Reduce
(was Accumulate)

EUR 0.60
(was EUR 0.72)

Share price:
0.58



Key figures

	2023	2024e	2025e	2026e
Revenue	403	373	365	386
growth-%	-6%	-7%	-2%	6%
EBIT adj.	10.8	6.9	12.7	14.2
EBIT-% adj.	2.7 %	1.8 %	3.5 %	3.7 %
PTP	-15.4	-2.2	2.8	5.1
Net Income	-7.0	-2.6	1.2	2.5
EPS (adj.)	0.12	-0.09	0.02	0.04
Dividend	0.00	0.00	0.00	0.00

P/E (adj.)	6.5	neg.	29.2	13.8
P/B	0.6	0.4	0.4	0.4
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	19.0	24.6	12.5	10.7
EV/EBITDA	6.4	3.8	4.2	3.8
EV/S	0.5	0.5	0.4	0.4

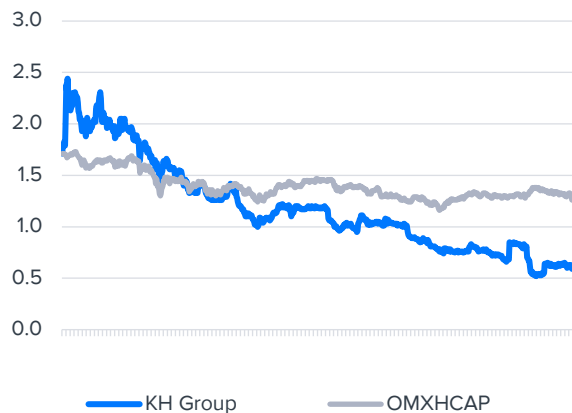
Source: Inderes

Guidance

(Downgraded)

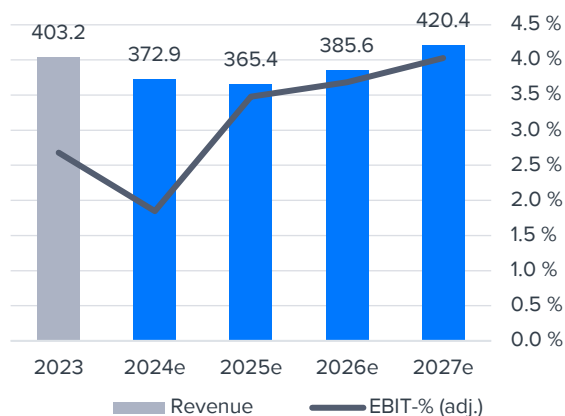
KH Group expects 2024 pro forma revenue of 340-360 MEUR and EBIT of 4-7 MEUR, including the EBIT recorded from the real estate sale in Estonia. The guidance does not include HTJ.

Share price



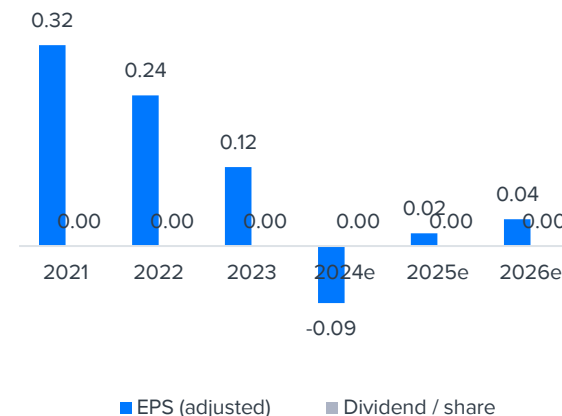
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Systematic development of holdings
- M&A transactions
- Dismantling the current ownership structure



Risk factors

- Deteriorating economic situation
- Among the portfolio companies, especially Indoor Group and KH-Koneet Group are cyclical
- Indoor's balance sheet risk
- Tightening competitive situation
- Postponement of sensible exit opportunities due to weak capital markets

Valuation	2024e	2025e	2026e
Share price	0.58	0.58	0.58
Number of shares, millions	58.1	58.1	58.1
Market cap	34	34	34
EV	170	159	153
P/E (adj.)	neg.	29.2	13.8
P/E	neg.	29.2	13.8
P/B	0.4	0.4	0.4
P/S	0.1	0.1	0.1
EV/Sales	0.5	0.4	0.4
EV/EBITDA	3.8	4.2	3.8
EV/EBIT (adj.)	24.6	12.5	10.7
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Q2 preview: Major weakness in Indoor again

The profit warning knocked the wind out of interim report expectations

KH Group will publish its Q2 report on Friday at 8.00 am EEST. The report will be weak, as the company announced in the profit warning that Q2 figures are expected to be below the pro forma figures of the comparison period. Adjusted for HTJ, the company's comparable revenue was 93.2 MEUR in the comparison period and EBIT was 0.3 MEUR. Our updated estimates are slightly below the comparison period, with revenue of the current businesses reaching 85.8 MEUR and comparable EBIT -0.1 MEUR.

Indoor is the source of grief in the report

With the profit warning, Indoor in particular is expected to have a weak quarter, and the introduction of the new ERP system and industrial action in Finland in the spring have tormented the

company during the quarter. We expect Indoor's revenue to have decreased by 6% to 41.4 MEUR due to the shrinking target market and the closed Estonian business. The company's operating result, in turn, falls slightly from a very weak comparison period to -1.6 MEUR in our forecasts. We expect that the EPR project and the industrial action in Finland have put pressure on profitability compared to the comparison period, but the exit of the loss-making Estonian business and closure of the weakest stores in Finland support profitability a bit. The report will be weak for Indoor but we seek signs of the challenges caused by the new ERP system easing and a possible need for a new capital injection in Indoor.

The cycle is testing KH-Koneet, but we expect the Q1 earnings dip to be over

For KH-Koneet, we expect revenue to have decreased by 14% from the comparison period and adjusted operating result to be 1.3 MEUR. In Finland,

machine trade has been weak during the review period, but in Sweden the cycle shows cautious signs of recovery. In the weak cycle in the construction sector, we expect that machine rental, where KH-Koneet has strengthened its foothold in recent years has been stronger than machine trade.

NRG is the bright spot of the report

We expect healthy growth from NRG, supported by a hefty order backlog. We believe the company is already selling the year 2025, which creates good conditions for the company to promote its earnings turnaround. In our estimates, the company's revenue grows by 10% from the good comparison period level, which will drive a 6% improvement in the operating result.

In KH Group's Q2 report, HTJ is reported as a discontinued business and the company's figures are no longer included in the guidance.

Revenue MEUR	Q2'23 Comparison	Q2'24 Actualized	Q2'24e Inderes	Growth Estimate	Growth Act.	Difference (%) Act. vs. inderes
Indoor Group	44.0	41.4	41.4	-6%	0%	0%
KH-Koneet Group	40.4	34.7	34.7	-14%	0%	0%
Nordic Rescue Group	8.8	9.7	9.7	10%	0%	0%
HTJ	7.0	7.2	7.2	2%	0%	0%
Adj. EBIT (IFRS) MEUR	Q2'23 Comparison	Q2'24 Actualized	Q2'24e Inderes	Growth Estimate	Growth Act.	Difference (%) Act. vs. inderes
Indoor Group	-1.5	-1.6	-1.6		0%	0%
KH-Koneet Group	2.0	1.3	1.3	-34%	0%	0%
Nordic Rescue Group	0.6	0.6	0.6	6%	0%	0%
HTJ	0.6	0.5	0.5	-21%	0%	0%
Unallocated costs	-0.8	-0.5	-0.5			

Lähde: Inderes. NB! Comparison period figures are pro forma

Estimates cut after the profit warning

Estimate changes mainly directed at Indoor, but also at KH-Koneet

In connection with the update, we especially cut our estimates for Indoor after KH Group's profit warning. We also cut our forecasts for KH-Koneet, as the recovery of the demand environment for both companies seems to require longer than we had previously expected, and with the profit warning, the slope of the recovery of KH-Koneet also seems more uncertain than before.

A heavy debt burden increases leverage

KH Group has significant interest-bearing debt in the form of financial loans and leases. As a result, the company's financing costs are significant (Q1'24: 3 MEUR) and even achieving a zero result on an annual level requires significantly higher profitability than the Group's current performance. KH Group owns just

under 58.3% of Indoor, so the company is not solely responsible for the company and any additional capital injection (assuming that the other owners are willing and able to finance the company). As a result of the decreased earnings forecasts, we slightly raised the Group's financing costs in anticipation of a slower deleveraging.

Considering KH Group's weak earnings level, the divestment of HTJ occurred at a good time, as the acquired 13 MEUR raised the loss buffer of the parent company. However, at the Group's current earnings level, the funds received from HTJ and Indoor's Estonian property are rapidly dwindling, underlining the need for a rapid turn in earnings.

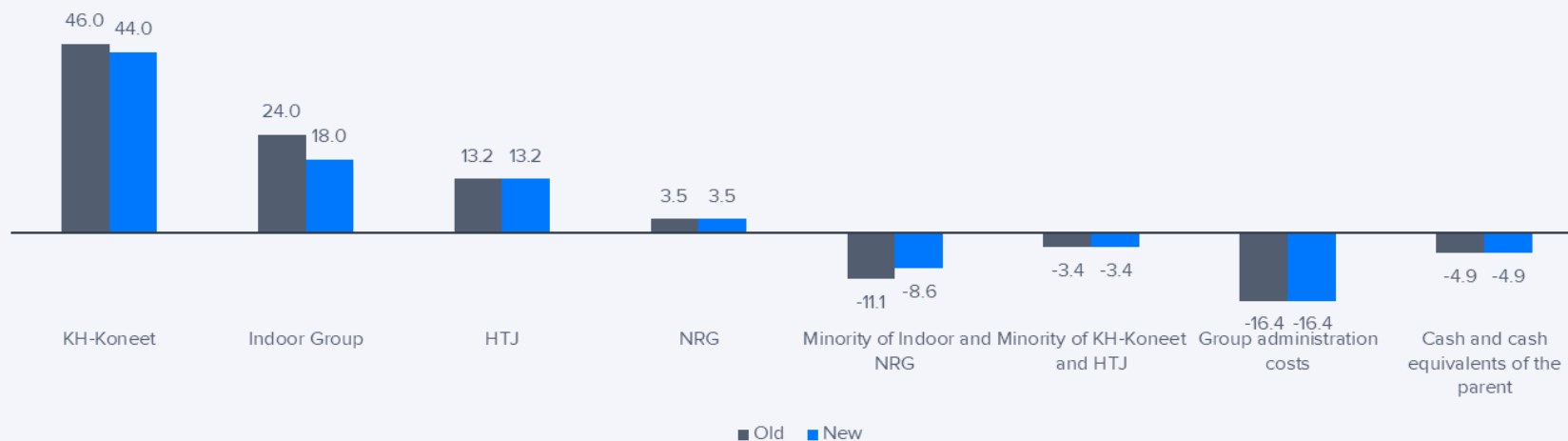
Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
Revenue (MEUR)	Old	New	%	Old	New	%	Old	New	%
Indoor Group	177	174	-2%	179	176	-2%	183	180	-2%
KH Koneet	141	139	-2%	152	147	-3%	175	162	-8%
HTJ	18.8	18.8	0%	0.0	0.0		0.0	0.0	
NRG	41.1	41.1	0%	42.3	42.3	0%	43.4	43.4	0%
Adj. operating result (MEUR)									
Indoor Group	3.9	0.8	-79%	6.4	6.0	-7%	7.3	6.5	-11%
KH Koneet	5.0	4.5	-10%	7.3	6.6	-9%	9.1	7.8	-15%
HTJ	1.2	1.2	0%	0.0	0.0		0.0	0.0	
NRG	2.4	2.5	1%	1.9	1.9	0%	1.7	1.7	0%
Unallocated costs	-1.7	-1.7	0%	-1.8	-1.8	0%	-1.8	-1.8	0%

Source: Inderes

Sum-of-the-parts calculation

SOTP breakdown (MEUR)	Equity value DCF	Fair value	Net liabilities 2024e	EV 2024e
KH-Koneet	46.6	44.0	19.9	63.9
Indoor Group	21.2	18.0	65.5	83.5
HTJ		13.2		23.0
NRG	5.3	3.5	12.7	16.2
- Minority of Indoor and NRG		-8.6		
- Minority of KH-Koneet (and previously HTJ)		-3.4		
- Group administration expenses		-16.4		
+ Parent company's net debt		-4.9		
= Sum of the parts		45.4		
Group's current market value		33.9		
Discount on the SOTP		-25%		
Value per share indicated by the SOTP		0.78 €		

Changes in the SOTP



Peer group valuation 1/2

KH-Koneet peer group valuation		Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		P/B	
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
UNITED RENTALS	42437	53810	13.9	13.2	8.2	7.9	3.9	3.7	15.8	14.6	5.2		
H&E EQUIPMENT SERVICES	1494	2891	12.7	12.0	4.7	4.5	2.1	2.0	12.3	10.7	2.5		
MCGRATH RENTCORP	2246	2964	14.4	13.2	9.5	8.9	3.7	3.5	22.3	16.4	NA		
SPEEDY HIRE	195	427	13.7	11.2	3.8	3.5	0.9	0.8	13.7	9.6	0.8		
VP	321	540	9.3	9.1	4.1	4.1	1.2	1.2	9.4	8.9	1.5		
WETTERI OYJ	68	220	16.6	14.4	8.4	7.0	0.4	0.3	26.1	13.5	1.7		
BILIA A	1058	1789	13.4	11.3	8.2	7.1	0.5	0.5	11.7	9.5	2.3		
KH Koneet (Inderes, FAS)	44	64	11.8	7.6	11.0	7.2	0.5	0.4	14.4	8.5	1.1		
Average			11.7	10.5	5.9	5.4	1.6	1.5	13.9	10.4	2.0		
Median			13.5	11.7	6.4	5.7	1.0	1.0	13.0	10.1	1.7		
<i>Diff-% to median</i>			-13%	-34%	72%	25%	-56%	-62%	11%	-16%	-38%		

Indoor peer group valuation		Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		P/B	
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
SURTECO GROUP (XET)	219	565	12.6	8.8	5.4	4.5	0.6	0.6	11.2	6.6	0.6		
NOBIA	299	671	288.9	22.3	10.0	6.2	0.7	0.7	-5.3	73.7	0.5		
MAISONS DU MONDE	138	797	26.3	17.2	4.2	3.9	0.7	0.7	20.3	6.9	0.2		
LEON'S FURNITURE	1219	1423	11.2	10.4	7.1	6.8	0.8	0.8	13.5	12.3	NA		
WILLIAMS-SONOMA	16602	15453	13.5	12.4	11.4	10.6	2.2	2.2	19.5	17.2	8.8		
Indoor Group (Inderes, IFRS)	44	84	-39.5	12.6	4.8	3.3	0.5	0.4	-2.8	9.3	0.6		
Average			70.5	14.2	7.6	6.4	1.0	1.0	11.8	23.3	2.5		
Median			13.5	12.4	7.1	6.2	0.7	0.7	13.5	12.3	0.5		
<i>Diff-% to median</i>				1%	-32%	-47%	-33%	-39%		-24%	17%		

Peer group valuation 2/2

NRG peer group valuation		Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2024e
ROSENBAUER INTL.	235	730	12.6	10.4	8.2	7.2	0.6	0.6	11.8	7.3	1.2	
OSHKOSH	6017	7384	7.1	7.2	6.1	6.2	0.8	0.8	8.6	8.6	1.6	
REV GROUP	1356	1522	24.8	9.7	10.5	8.4	0.7	0.7	18.1	13.3	3.7	
NRG (Inderes, FAS)	4	16	6.7	8.6	5.7	7.0	0.4	0.4	4.3	7.9	-4.1	
Average			14.8	9.1	8.3	7.2	0.7	0.7	12.8	9.7	2.1	
Median			12.6	9.7	8.2	7.2	0.7	0.7	11.8	8.6	1.6	
<i>Diff-% to median</i>			-47%	-11%	-31%	-2%	-42%	-42%	-63%	-9%		

Income statement

Income statement	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	100	100	97.6	105	403	84.2	93.0	96.0	99.8	373	365	386	420
KH-Koneet	40.5	40.4	32.3	39.1	152	29.2	34.7	33.9	41.1	139	147	162	191
Indoor Group	43.6	44.0	50.6	48.1	186	37.8	41.4	48.1	46.9	174	176	180	185
HTJ	6.1	7.0	6.5	6.6	26.3	6.1	7.2	5.5	0.0	18.8	0.0	0.0	0.0
Nordic Rescue Group	9.9	8.8	8.2	11.4	38.3	11.1	9.7	8.4	11.9	41.1	42.3	43.4	44.5
EBITDA						8.1	9.2	15.2	12.1	44.7	38.3	40.2	43.5
Depreciation						-8.8	-8.8	-8.8	-8.8	-35.2	-25.6	-26.0	-26.6
EBIT (excl. NRI)	1.1	2.9	5.1	1.7	10.8	-0.7	0.4	3.8	3.3	6.9	12.7	14.2	16.9
EBIT	1.1	0.9	-6.8	1.7	-3.1	-0.7	0.4	6.4	3.3	9.5	12.7	14.2	16.9
KH-Koneet	1.8	2.0	2.0	3.2	9.0	-0.4	1.3	1.5	2.1	4.5	6.6	7.8	9.6
Indoor Group	-0.6	-1.5	2.6	0.6	1.1	-0.3	-1.6	1.7	1.0	0.8	6.0	6.5	7.4
HTJ	0.4	0.6	1.0	0.6	2.6	0.1	0.5	0.6	0.0	1.2	0.0	0.0	0.0
Nordic Rescue Group	0.1	0.6	0.3	0.9	1.9	0.7	0.6	0.5	0.7	2.5	1.9	1.7	1.8
Kohdistamattomat erät	-0.6	-0.8	-12.7	-3.6	-17.7	-0.7	-0.5	2.2	-0.5	0.5	-1.8	-1.8	-1.8
Net financial items	-2.6	-3.5	-2.1	-4.1	-12.3	-3.0	-2.9	-2.9	-2.9	-11.7	-9.9	-9.1	-8.0
PTP	-1.5	-2.6	-8.9	-2.4	-15.4	-3.6	-2.5	3.5	0.4	-2.2	2.8	5.1	8.9
Taxes	0.5	0.4	2.2	0.2	3.3	0.3	0.5	-0.7	-0.1	0.0	-0.6	-1.0	-1.8
Minority interest	0.0	1.2	3.2	0.8	5.2	0.5	-0.1	-0.5	-0.4	-0.5	-1.1	-1.6	-2.1
Net earnings	-1.0	-1.0	-3.2	-1.5	-6.7	-2.8	-2.1	2.3	-0.1	-2.6	1.2	2.5	5.0
EPS (adj.)	-0.02	0.02	0.15	-0.03	0.12	-0.05	-0.04	-0.01	0.00	-0.09	0.02	0.04	0.09

Key figures	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%						-15.9 %	-7.2 %	-1.7 %	-5.1 %	-7.5 %	-2.0 %	5.5 %	9.0 %
Adjusted EBIT growth-%						-160.0 %	-84.8 %	-25.1 %	93.3 %	-36.2 %	84.5 %	11.7 %	19.2 %
EBITDA-%						9.7 %	9.9 %	15.9 %	12.1 %	12.0 %	10.5 %	10.4 %	10.3 %
Adjusted EBIT-%	1.1 %	2.9 %	5.2 %	1.6 %	2.7 %	-0.8 %	0.5 %	4.0 %	3.3 %	1.8 %	3.5 %	3.7 %	4.0 %
Net earnings-%	-1.0 %	-1.0 %	-3.3 %	-1.4 %	-1.7 %	-3.3 %	-2.2 %	2.4 %	-0.1 %	-0.7 %	0.3 %	0.6 %	1.2 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	213	213	210	207	205
Goodwill	37.7	39.9	39.9	39.9	39.9
Intangible assets	65.3	63.8	62.3	60.7	59.1
Tangible assets	104	103	102	104	106
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	0.8	0.7	0.0	0.0	0.0
Deferred tax assets	5.2	5.3	5.3	2.5	0.0
Current assets	164	135	123	119	125
Inventories	112	100.0	91.4	87.7	92.5
Other current assets	7.3	0.0	0.0	0.0	0.0
Receivables	18.8	23.7	13.1	12.8	13.5
Cash and equivalents	26.4	11.1	18.6	18.3	19.3
Balance sheet total	377	348	333	326	331

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	87.8	79.3	84.2	85.3	87.8
Share capital	15.2	15.2	15.2	15.2	15.2
Retained earnings	53.4	46.6	44.0	45.1	47.6
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	13.0	12.9	12.9	12.9	12.9
Other equity	0.0	0.0	12.1	12.1	12.1
Minorities	6.2	4.7	0.0	0.0	0.0
Non-current liabilities	128	122	109	103	99.0
Deferred tax liabilities	15.7	12.7	12.7	12.7	12.7
Provisions	0.0	0.1	0.0	0.0	0.0
Interest bearing debt	110	106	92.6	86.3	82.7
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	2.5	3.6	3.6	3.6	3.6
Current liabilities	161	147	140	138	144
Interest bearing debt	74.4	60.4	61.7	57.5	55.2
Payables	86.4	86.2	78.3	80.4	88.7
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	377	348	333	326	331

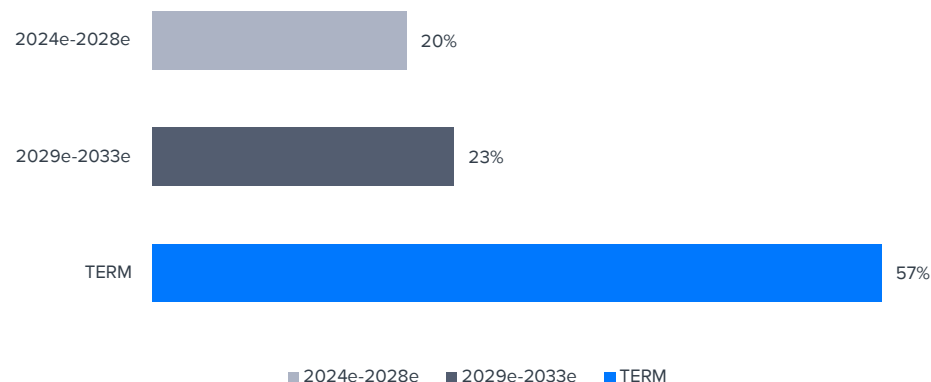
DCF calculation 2/3, KH-Koneet

DCF model KH-Koneet (FAS)	2022	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	15.2 %	-14.9 %	-16.1%	6.0 %	10.0 %	18.0 %	14.0 %	12.0 %	6.0 %	2.5 %	2.0 %	1.5 %	1.5 %
EBIT-% (adj.)	5.0 %	3.7 %	2.7 %	4.0 %	5.3 %	5.3 %	5.0 %	5.0 %	5.0 %	5.0 %	4.5 %	4.0 %	4.0 %
EBIT (adj.)	9.7	6.1	3.7	5.8	8.6	10.2	10.9	12.2	12.9	13.3	12.2	11.0	
+ Depreciation	2.6	2.7	2.1	2.2	2.4	2.9	3.3	3.7	3.9	4.0	4.1	4.1	
- Paid taxes	-1.9	-1.6	-1.1	-1.5	-1.7	-2.0	-1.7	-1.7	-1.8	-1.9	-1.6	-1.5	
- Change in working capital	-11.9	-5.2	4.3	0.1	-1.5	-6.8	-5.6	-7.3	-4.1	-1.8	-1.5	-1.2	
Operating cash flow	-2.4	1.4	9.0	6.6	7.8	4.2	6.9	6.8	10.9	13.6	13.1	12.5	
+ 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	0.0	
- Gross CAPEX	-7.4	0.0	-4.1	-1.4	-3.6	-4.3	-4.3	-5.0	-3.8	-4.6	-3.9	-4.6	
Free operating cash flow	-9.8	1.3	4.9	5.3	4.2	-0.1	2.6	1.8	7.1	8.9	9.2	7.8	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-9.8	1.3	4.9	5.3	4.2	-0.1	2.6	1.8	7.1	8.9	9.2	7.8	98.0
Discounted FCFF			4.8	4.6	3.4	-0.1	1.7	1.1	3.9	4.5	4.3	3.3	41.4
Sum of FCFF present value			73.1	68.3	63.6	60.3	60.3	58.6	57.5	53.6	49.0	44.7	41.4
Enterprise value DCF			73.1										
- Interest bearing debt			-26.5										
+ Cash and cash equivalents			0.0										
-Minorities			0.0										
-Dividend/capital return			0.0										
Equity value DCF			46.6										

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	30.0 %
Cost of debt	6.0 %
Equity Beta	1.40
Market risk premium	4.75%
Liquidity premium	2.50%
Risk free interest rate	2.5 %
Cost of equity	11.7 %
Weighted average cost of capital (WACC)	9.6 %

Source: Inderes

Cash flow distribution



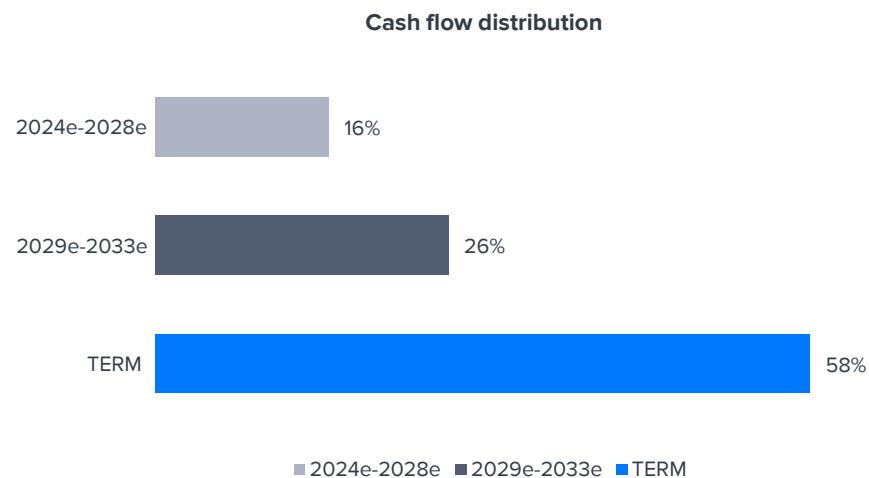
DCF calculation 2/3, Indoor Group

DCF model Indoor Group (IFRS)	2022	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-6.2 %	-3.1 %	-6.5 %	1.0 %	2.5 %	2.5 %	2.5 %	2.0 %	2.0 %	2.0 %	1.5 %	0.5 %	0.5 %
EBIT-%	0.5 %	0.6 %	0.5 %	3.4 %	3.6 %	4.0 %	4.3 %	4.3 %	4.2 %	4.2 %	4.2 %	4.0 %	4.0 %
EBIT (operating profit)	1.0	1.1	0.8	6.0	6.5	7.4	8.1	8.3	8.3	8.4	8.6	8.2	
+ Depreciation	19.3	20.9	16.5	16.7	17.1	17.6	18.0	18.4	18.7	19.1	19.4	19.5	
- Paid taxes	-0.2	-0.2	-0.2	-1.2	-1.3	-1.5	-1.6	-1.7	-1.7	-1.7	-1.7	-1.6	
- Change in working capital	-1.6	8.6	-3.9	-1.7	-5.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	13.7	26.2	13.3	19.8	16.7	23.5	24.5	25.0	25.3	25.8	26.2	26.0	
+ 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	0.0	
- Gross CAPEX	-20.9	-20.5	-14.7	-14.9	-16.4	-16.9	-17.4	-17.5	-18.0	-14.9	-20.2	-19.8	
Free operating cash flow	-7.2	5.7	-1.4	4.9	0.3	6.6	7.1	7.5	7.4	10.9	6.0	6.3	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-7.2	5.7	-1.4	4.9	0.3	6.6	7.1	7.5	7.4	10.9	6.0	6.3	97.9
Discounted FCFF			-1.4	4.5	0.3	5.2	5.3	5.2	4.8	6.6	3.4	3.3	52.2
Sum of FCFF present value			89.4	90.8	86.4	86.1	80.9	75.6	70.4	65.6	58.9	55.5	52.2
Enterprise value DCF			89.4										
- Interest bearing debt			-76.9										
+ Cash and cash equivalents			8.6										
-Minorities			0.0										
-Dividend/capital return			0.0										
Equity value DCF			21.2										

WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	75.0 %
Cost of debt	6.5 %
Equity Beta	1.5
Market risk premium	4.75%
Liquidity premium	2.5 %
Risk free interest rate	2.5 %
Cost of equity	12.1 %
Weighted average cost of capital (WACC)	6.9 %

Source: Inderes



DCF calculation 3/3, NRG

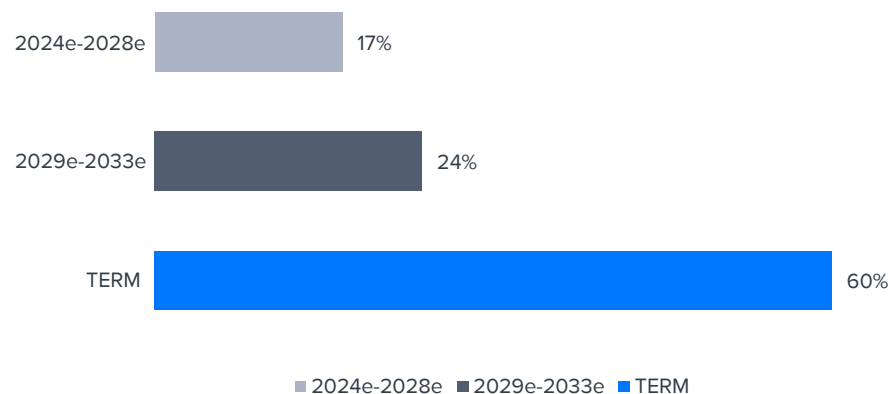
DCF model NRG (FAS)	2022	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	11.0 %	-8.4 %	7.4 %	3.0 %	2.5 %	2.5 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBITDA-%	-4.7 %	5.2 %	6.9 %	5.4 %	4.9 %	4.9 %	4.4 %	4.4 %	4.4 %	4.4 %	4.4 %	4.0 %	4.0 %
EBIT (operating profit)	-8.7	0.9	0.8	0.3	0.1	0.1	0.8	1.6	1.6	1.6	1.7	1.5	
+ Depreciation	6.7	1.1	2.0	2.0	2.0	2.0	1.2	0.5	0.5	0.5	0.5	0.5	
- Paid taxes	0.0	-1.5	-0.5	-0.4	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	
- Change in working capital	-0.4	7.2	-3.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	-1.3	0.0	-1.4	1.9	1.8	1.8	1.7	1.7	1.7	1.8	1.8	1.7	
+ 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	0.0	
- Gross CAPEX	-0.1	-0.2	-0.4	-0.4	-0.4	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	
Free operating cash flow	-1.5	-0.2	-1.9	1.5	1.3	1.4	1.2	1.2	1.3	1.3	1.3	1.2	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-1.5	-0.2	-1.9	1.5	1.3	1.4	1.2	1.2	1.3	1.3	1.3	1.2	18.8
Discounted FCFF			-1.8	1.3	1.1	1.0	0.8	0.8	0.8	0.7	0.7	0.6	8.8
Sum of FCFF present value			14.7	16.6	15.3	14.2	13.1	12.3	11.5	10.7	10.0	9.4	8.8
Enterprise value DCF			14.7										
- Interest bearing debt			-9.8										
+ Cash and cash equivalents			0.3										
-Minorities			0.0										
-Dividend/capital return			0.0										
Equity value DCF			5.3										

WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	65.0 %
Cost of debt	7.0 %
Equity Beta	1.80
Market risk premium	4.75%
Liquidity premium	2.50%
Risk free interest rate	2.5 %
Cost of equity	13.6 %
Weighted average cost of capital (WACC)	8.4 %

Source: Inderes

Cash flow distribution



Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	11.5	428.9	403.2	372.9	365.4	EPS (reported)	0.32	0.24	-0.11	-0.05	0.02
EBITDA	20.2	11.9	31.9	44.7	38.3	EPS (adj.)	0.32	0.24	0.12	-0.09	0.02
EBIT	20.2	11.9	-3.1	9.5	12.7	OCF / share	0.43	-0.64	0.75	0.97	0.77
PTP	20.2	11.7	-15.4	-2.2	2.8	FCF / share	0.43	-4.17	0.17	0.41	0.33
Net Income	18.4	13.8	-6.7	-2.6	1.2	Book value / share	1.61	1.40	1.29	1.45	1.47
Extraordinary items	0.0	0.0	-13.9	2.6	0.0	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	113.3	377.0	347.7	333.0	325.8	Revenue growth-%	259%	3630%	-6%	-7%	-2%
Equity capital	93.5	87.8	79.3	84.2	85.3	EBITDA growth-%	73%	-41%	168%	40%	-14%
Goodwill	0.0	37.7	39.9	39.9	39.9	EBIT (adj.) growth-%	73%	-41%	-9%	-36%	85%
Net debt	4.7	158.2	154.9	135.7	125.6	EPS (adj.) growth-%	86%	-25%	-48%	-172%	-122%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	175.7 %	2.8 %	7.9 %	12.0 %	10.5 %
EBITDA	20.2	11.9	31.9	44.7	38.3	EBIT (adj.)-%	175.7 %	2.8 %	2.7 %	1.8 %	3.5 %
Change in working capital	4.8	-55.7	14.0	11.4	6.0	EBIT-%	175.7 %	2.8 %	-0.8 %	2.5 %	3.5 %
Operating cash flow	24.9	-37.3	43.4	56.1	44.6	ROE-%	21.5 %	15.8 %	-8.5 %	-3.3 %	1.4 %
CAPEX	-0.2	-207.3	-35.1	-32.3	-25.5	ROI-%	22.8 %	6.4 %	-1.2 %	3.9 %	5.4 %
Free cash flow	24.7	-242.1	9.8	23.7	19.1	Equity ratio	82.5 %	23.3 %	22.8 %	25.3 %	26.2 %
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	5.0 %	180.2 %	195.2 %	161.2 %	147.2 %
EV/S	10.1	0.5	0.5	0.5	0.4						
EV/EBITDA	5.8	19.5	6.4	3.8	4.2						
EV/EBIT (adj.)	5.8	19.5	19.0	24.6	12.5						
P/E (adj.)	6.1	5.0	6.5	neg.	29.2						
P/B	1.2	0.8	0.6	0.4	0.4						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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Date	Recommendation	Target	Share price
12/15/2021	Accumulate	2.00 €	1.94 €
3/4/2022	Buy	1.80 €	1.52 €
3/17/2022	Accumulate	1.80 €	1.64 €
5/6/2022	Buy	1.80 €	1.36 €
8/18/2022	Accumulate	1.50 €	1.29 €
11/4/2022	Buy	1.40 €	1.14 €
12/16/2022	Buy	1.40 €	1.17 €
2/21/2023	Accumulate	1.35 €	1.20 €
3/1/2023	Accumulate	1.20 €	1.08 €
5/5/2023	Buy	1.20 €	1.03 €
8/18/2023	Accumulate	1.05 €	0.95 €
<i>Analyst changed</i>			
10/30/2023	Accumulate	0.90 €	0.77 €
11/2/2023	Accumulate	0.90 €	0.79 €
3/11/2024	Accumulate	0.80 €	0.68 €
3/22/2024	Accumulate	0.95 €	0.85 €
5/2/2024	Accumulate	0.80 €	0.70 €
5/7/2024	Reduce	0.65 €	0.61 €
6/10/2024	Accumulate	0.72 €	0.64 €
8/12/2024	Reduce	0.60 €	0.58 €



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