

Purmo Group

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Näkyvyyttä loppuvuoteen” published on 5/13/2022 at 7:56 am

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Visibility for the rest of the year

We reiterate our EUR 13.0 target price for Purmo Group and raise our recommendation to Buy (previously Accumulate). Purmo's Q1 performance was exceptionally good relative to expectations, as net sales and the result exceeded our estimates. The outlook also improved clearly with the guidance and so far, Purmo has managed excellently with increased costs and availability challenges related to materials. After a strong year of growth, we expect net sales growth and the result to moderate, e.g., due to the geopolitical situation, stabilization of market demand and cost inflation, but the earnings level will remain at a good level also according to the guidance. We feel the valuation is very moderate considering the current earnings level and potential and offers a clear upside.

The Q1 report reflected strong performance

In Q1, Purmo Group's net sales grew strongly and exceeded our estimate. Net sales increased by 24% from the comparison period to EUR 236 million (Q1'21: 190 MEUR), when we expected EUR 225 million of net sales. Growth has been supported by continued strong demand for the company's products, especially in the ICS division. Growth was influenced by successful product price increases, which reflects the company's pricing power. Due to strong net sales growth, the result also clearly exceeded our estimate. In Q1, adjusted EBITDA was EUR 29.2 million (Q1'21: 29.1 MEUR) while we forecast EUR 22.3 million. The margin fell to 12.4% y-o-y (Q1'21: 15.3%) due to lower cost levels in the comparison period, but clearly exceeded our expectation of 10.0%.

Our estimates increased slightly

In connection with the result, Purmo issued a guidance that clearly improved visibility for the current year. The company now expects net sales to increase from 2021 (843.6 MEUR) and adjusted EBITDA to be at 2021 level (103.9 MER), changing at most by 5% from the previous year. However, the geopolitical situation and cost pressures still pose risks for the outlook. The company has so far successfully implemented price increases and demand has also held its own. New price increases will come into effect at Purmo during Q2-Q3, but there are more question marks concerning demand during the rest of the year. However, we believe that Purmo will be able to maintain net sales growth and earnings at a good level based on the Q1 report. We now expect net sales to increase this year (2022e: 8%) thanks to price increases and the Thermotech acquisition, but suffer from slowing demand especially in late 2022. We expect adjusted EBITDA to drop to EUR 100.4 million in 2022 (adj. EBITDA %: 11.0%) as growth investments, higher raw material prices and the balancing of demand/supply depress margins. Strategic efficiency measures, good net sales level and easing cost pressures boost profitability in our estimates in 2023-2024, supporting earnings growth.

Clear upside in valuation

We feel that the valuation has fallen to a very moderate level relative to the earning level we estimate (2022e: EV/EBIT: 9x, P/E: 9x). Already at the lower end of our acceptable valuation range (EV/EBIT: 12-14x, P/E: 14-16x) the share would offer an upside of over 30%. Compared to the peers, the company is priced clearly below the median level (-30%) which also offers an upside. In addition to the upside, the share's annual 4% dividend yield supports the expected return. We believe that the visibility the guidance offers to a good earnings level reduces the risks in the share, making the return/risk ratio very good at the moment.

Recommendation

Buy

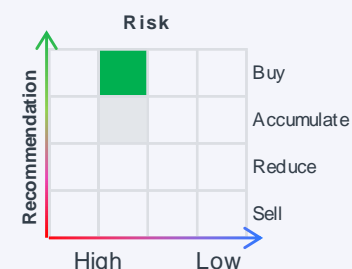
(previous Accumulate)

EUR 13.00

(previous EUR 13.00)

Share price:

10.35



Key figures

	2021	2022e	2023e	2024e
Revenue	843.6	909.6	888.0	904.0
growth-%	26%	8%	-2%	2%
EBIT adj.	73.7	69.1	72.2	77.5
EBIT-% adj.	8.7 %	7.6 %	8.1 %	8.6 %
Net Income	-18.9	38.6	46.7	52.0
EPS (adj.)	1.76	1.12	1.14	1.27

P/E (adj.)	8.1	9.2	9.1	8.2
P/B	1.5	1.0	1.0	0.9
Dividend yield-%	2.5 %	3.6 %	3.9 %	4.2 %
EV/EBIT (adj.)	11.1	8.9	8.0	7.1
EV/EBITDA	7.9	6.6	5.6	5.0
EV/S	1.0	0.7	0.7	0.6

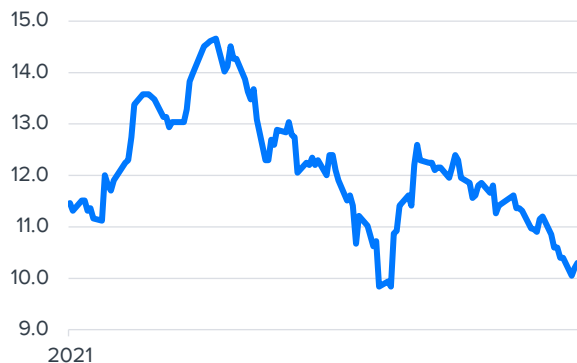
Source: Inderes

Guidance

(New guidance)

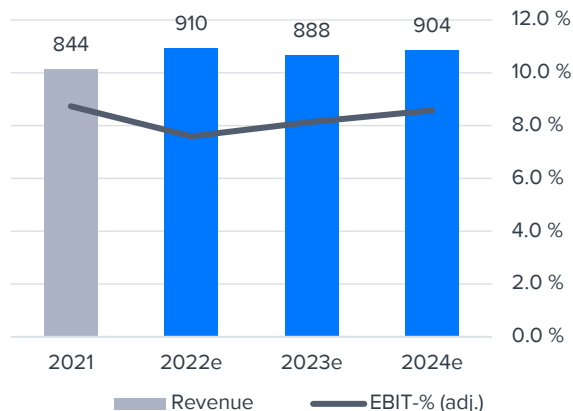
For 2022, Purmo Group expects net sales to increase from 2021 (EUR 843.6 million). Adjusted EBITDA is expected to be comparable to 2021 (EUR 103.9 million) i.e. to change not more than 5 per cent from the previous year.

Share price



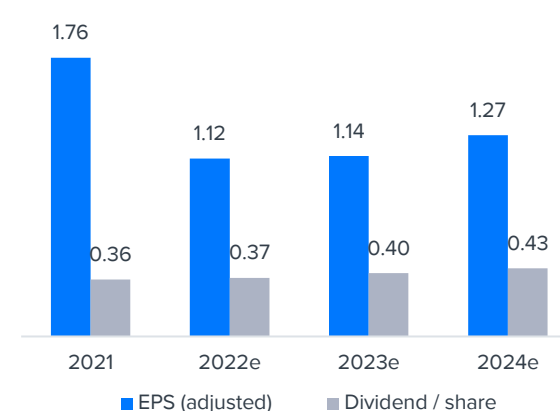
Source: Thomson Reuters

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Strong organic growth faster than market growth
- Sustainable profitability improvement toward higher levels
- Good potential for return on capital
- Growing market with strong megatrends
- One of the largest product portfolios on the market
- Strong global brands
- Leading player on key markets
- Sustainable development, renovation debt, digitalization support the growth outlook of the market
- Acquisitions to support organic growth



Risk factors

- The industry is dependent on construction cycles, especially in housing construction
- Distribution is dependent on large wholesale customers
- Controlling strong growth
- Capacity management and successful growth investment
- Challenges and bottlenecks in global supply chains
- Price competition on the market and possible difficulties in increasing sales prices
- Cost pressures for raw materials and materials

Valuation	2022e	2023e	2024e
Share price	10.4	10.4	10.4
Number of shares, millions	41.0	41.0	41.0
Market cap	425	425	425
EV	616	579	547
P/E (adj.)	9.2	9.1	8.2
P/B	1.0	1.0	0.9
P/S	0.5	0.5	0.5
EV/Sales	0.7	0.7	0.6
EV/EBITDA	6.6	5.6	5.0
EV/EBIT (adj.)	8.9	8.0	7.1
Payout ratio (%)	39.4 %	35.2 %	33.9 %
Dividend yield-%	3.6 %	3.9 %	4.2 %

Source: Inderes

Estimates were exceeded clearly

Strong growth in net sales

In Q1, Purmo Group's net sales grew strongly and exceeded our estimate. Net sales increased by 24% from the comparison period to EUR 236 million (Q1'21: 190 MEUR), when we expected EUR 225 million of net sales. Growth has been supported by continued good demand for company products, especially in the ICS division, and successful supply chain management despite the shortage of certain raw materials and components. Purmo has also been able to make necessary price increases due to rapidly rising raw material prices on the market, which indicates the company's pricing power.

Q1 growth was particularly supported by a strong 26% growth in the ICS division to EUR 101 million. ICS' sales prices and volumes increased during the quarter, reflecting continued good demand. Growth in the ICS division was constrained by the availability of plastics and electrical components considering which, the growth was a good performance. Net

sales in the Radiators division also rose strongly (+22%, 135 MEUR). In Radiators, organic sales volumes were below the comparison period, but increased sales prices helped generate significant growth.

Earnings level better than expected

Due to strong net sales growth, the result rose from a strong comparison period, clearly exceeding our estimates. In Q1, adjusted EBITDA was EUR 29.2 million (Q1'21: 29.1 MEUR) while we forecast EUR 22.3 million. The margin fell to 12.4% y-o-y (Q1'21: 15.3%) due to lower cost levels in the comparison period, but clearly exceeded our expectation of 10.0%. The result in the ICS division improved (+27%), but decreased in the Radiators division (-9%). ICS' stronger result was achieved through growing sales, while the weaker result in the Radiators division was the result of lower sales volumes and the rise in steel prices in particular.

Guidance improves visibility

In connection with the result, Purmo issued a guidance that clearly improved visibility for the current year. The company now expects net sales to increase from 2021 (843.6 MEUR) and adjusted EBITDA to be at 2021 level (103.9 MER), changing at most by 5% from the previous year. However, the outlook remains uncertain due to the geopolitical situation caused by war in Ukraine and its impact on market demand, supply chains and raw material prices.

The company has so far successfully implemented price increases and demand has also held its own. New price increases will come into effect at Purmo during Q2-Q3, but there are more question marks concerning demand during the rest of the year. However, we believe that the company will be able to maintain net sales growth and earnings at a good level based on the Q1 report.

Estimates MEUR / EUR	Q1'21	Q1'22	Q1'22e	Q1'22e	Consensus		Difference (%)
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes
Revenue	190	236	225				5 %
EBITDA (adj.)	29.1	29.2	22.3				31 %
EBIT	18.7	14.1	15.1				-7 %
PTP	16.9	11.3	12.9				-13 %
EPS (reported)	0.41	0.16	0.25				-37 %
Revenue growth-%	-	24.1 %	17.9 %				6.1 pp
EBITDA-% (adj.)	15.3 %	12.4 %	10.0 %				2.4 pp

Source: Inderes

We raised our estimates slightly

2022 looks relatively good

The year still contains large uncertainties as mentioned above, but with the guidance, our confidence in the estimates improved. We now estimate net sales to increase by 8% to EUR 910 million in 2022 and adjusted EBITA to be around EUR 100 million. This would mean a decrease of some 3 % on the comparison period, but if current performance levels continue, there may still be upside in our estimates.

The net sales level is affected by the weakening net sales in the operating countries (Ukraine and Russia about 5% of net sales) due to the geopolitical situation, as well as its indirect economic effects and more moderate volumes for the products especially during the rest of the year. Net sales are positively affected by the increased sales prices of products

and the Thermotech acquisition made at the beginning of 2022. We expect the result to fall slightly in 2022 as growth investments, higher raw material prices and the balancing of demand/supply depress margins. The biggest risks in our estimates are the effects of geopolitical risks, a clear weakening of the market, an increase in raw material prices, and tighter price competition.

Toward a more normal operating environment in 2023

In 2023, we expect the company to return to a more normal operating environment, where we believe product demand volumes will recover, especially toward the end of the year. However, we expect prices to fall, which will also affect Purmo's products at some point. However, easing cost pressure will help raise margins, where we expect an

improvement in 2023-2024. However, we believe the market situation is more moderate than compared to, e.g., 2021, and that net sales will decrease by 2% to EUR 888 million in 2023. In 2024, we expect the market situation (volumes) to pick up further from 2023 and price changes will stabilize, increasing net sales to EUR 904 million.

We expect the profitability margins to start improving again in 2023 and further in 2024. We believe that the front-loaded costs from growth investments will no longer affect profitability, the efficiency program in line with the strategy progresses, and the price pressure on the market lightens, which will help Purmo improve its margins. We estimate that the adjusted EBITDA margin will increase to around 11.6% in 2023 and further to some 12.0% in 2024 supported by volume growth.

Estimate revisions	2022e	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	862	910	6 %	865	888	3 %	879	904	3 %
EBITDA (exc. NRIs)	93.9	100.4	7 %	100.3	103.0	3 %	105.5	108.5	3 %
EBIT (exc. NRIs)	63.0	69.1	10 %	69.5	72.2	4 %	74.4	77.5	4 %
EBIT	63.0	61.6	-2 %	69.5	72.2	4 %	74.4	77.5	4 %
PTP	53.4	51.4	-4 %	60.3	62.2	3 %	65.4	67.6	3 %
EPS (excl. NRIs)	1.04	1.12	8 %	1.17	1.14	-3 %	1.28	1.27	-1 %
DPS	0.37	0.37	0 %	0.40	0.40	0 %	0.43	0.43	0 %

Source: Inderes

Clear upside in the valuation

We price Purmo primarily through earnings-based valuation multiples. We prefer the EV/EBIT multiple and the P/E multiple. In addition, we compare the valuation to an extensive global peer group. We discussed Purmo's potential value if its financial targets were realized in [a recent extensive report](#).

Acceptable valuation range

In the extensive report, we have assessed Purmo's acceptable valuation range through the historical valuation of peers. Given Purmo's highly growth-oriented nature and earnings growth potential our acceptable valuation range is: EV/EBIT: 12-14X and P/E 14-16x. There is upside in the multiples if the company continues to grow and improves its profitability towards the objectives. However, multiples can also decline quickly if the earnings level falls below expectations.

Absolute multiples

The 2022 valuation is very moderate (2022e: adj. EV/EBIT 9x, adj. P/E: 9) and offers a clear upside to our acceptable levels. In 2023, the valuation drops (2023e: adj. EV/EBIT 8x, adj. P/E: 9) to an even more attractive level. Considering 2022 estimates and the lower end of the valuation range we accept (EV/EBIT: 12x, P/E: 14x) the share would offer an upside of over 30%.

We expect a growing dividend from the company over the next few years. We do not feel the dividend is a key driver for the share yet, but it supports the expected return slightly. For the next few years, the dividend yield is moderate at about 4%.

Peer group

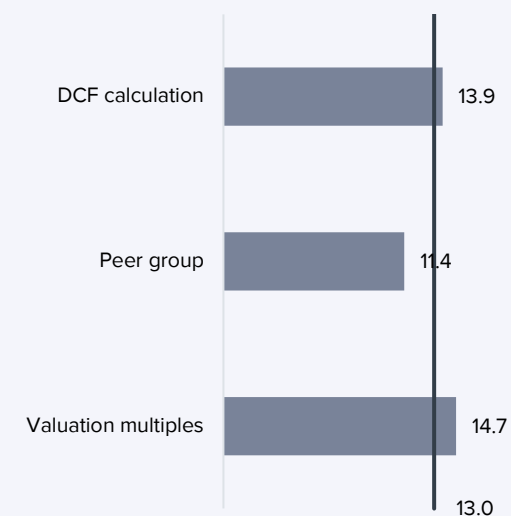
Purmo has a reasonably good peer group available from European listed companies in the industry. The median 2022e EV/EBIT ratio for the peer group is around 12x while the corresponding P/E ratio is some 14x. The valuation of the peers is already moderate and Purmo's valuation is still about 30% below this level. Most peers are larger global players and the best peers have also had stronger historic growth and profitability than Purmo.

Due to the company's development stage and smaller size, we are still applying a discount of around 20% to the peer group median. Even with a 20% discount, there's an upside to the peer group valuation. The feasibility of the peers has also suffered from the fall in share prices caused by the geopolitical situation and the estimate levels of the peers may be subject to uncertainty, so its weight is lower than normal in the valuation.

Valuation	2022e	2023e	2024e
Share price	10.4	10.4	10.4
Number of shares, millions	41.0	41.0	41.0
Market cap	425	425	425
EV	616	579	547
P/E (adj.)	9.2	9.1	8.2
P/B	1.0	1.0	0.9
P/S	0.5	0.5	0.5
EV/Sales	0.7	0.7	0.6
EV/EBITDA	6.6	5.6	5.0
EV/EBIT (adj.)	8.9	8.0	7.1
Payout ratio (%)	39.4 %	35.2 %	33.9 %
Dividend yield-%	3.6 %	3.9 %	4.2 %

Source: Inderes

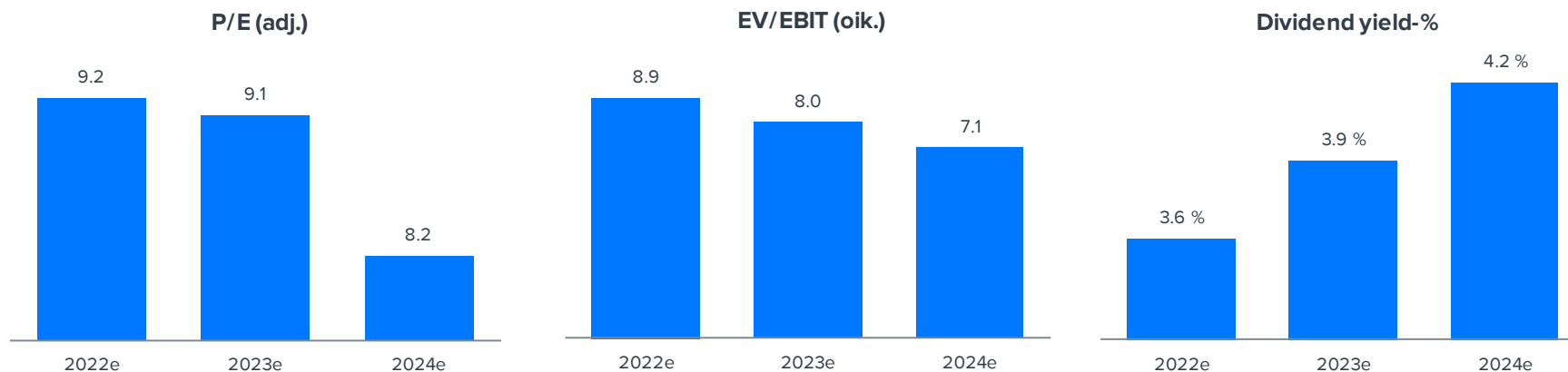
Target price formation



Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price					14.2	10.4	10.4	10.4	10.4
Number of shares, millions					29.2	41.0	41.0	41.0	41.0
Market cap					577	425	425	425	425
EV					817	616	579	547	520
P/E (adj.)					8.1	9.2	9.1	8.2	7.7
P/B					1.5	1.0	1.0	0.9	0.8
P/S					0.7	0.5	0.5	0.5	0.5
EV/Sales					1.0	0.7	0.7	0.6	0.6
EV/EBITDA					7.9	6.6	5.6	5.0	4.6
EV/EBIT (adj.)					11.1	8.9	8.0	7.1	6.4
Payout ratio (%)					neg.	39.4%	35.2%	33.9%	34.3%
Dividend yield-%					2.5%	3.6%	3.9%	4.2%	4.4%

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 2022e
				2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	
Nibe Industrier AB	85.18	14363	14860	36.0	31.3	27.8	24.5	5.0	4.5	46.9	41.2	0.6	0.8	7.2
Aalberts NV	42.24	4678	5202	11.7	10.7	8.7	7.8	1.8	1.7	14.4	13.5	2.4	2.5	2.0
Lindab International AB	189.20	1411	1591	11.9	11.4	9.1	8.6	1.5	1.4	14.0	13.0	3.3	3.6	2.3
Systemair AB	58.10	1143	1314	16.8	14.1	11.5	9.8	1.4	1.3	21.7	18.8	1.6	1.8	3.2
Genuit Group PLC	410.00	1198	1384	10.4	9.8	7.8	7.5	1.7	1.6	11.9	11.7	3.3	3.4	1.5
Uponor Oyj	14.97	1098	1248	7.6	7.5	5.7	5.6	0.9	0.8	10.1	10.4	4.9	5.3	2.4
Arbonia AG	15.88	1054	966	16.8	14.3	8.6	7.8	1.0	0.9	21.0	18.2	2.1	2.5	1.0
Volution Group PLC	362.50	841	968	17.0	13.2	12.6	11.6	3.0	2.8	14.7	14.0	2.0	2.1	
Zehnder Group AG	69.70	650	544	10.1	8.4	7.6	6.4	1.0	0.9	13.0	11.5	2.8	3.1	2.0
Purmo Group (Inderes)	10.35	425	616	8.9	8.0	6.6	5.6	0.7	0.7	9.2	9.1	3.6	3.9	1.0
Average				15.4	13.4	11.0	10.0	1.9	1.8	18.6	16.9	2.6	2.8	2.7
Median				11.9	11.4	8.7	7.8	1.5	1.4	14.4	13.5	2.4	2.5	2.1
Diff-% to median				-25%	-30%	-24%	-28%	-56%	-55%	-36%	-33%	49%	56%	-52%

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

Income statement

Income statement	2020	Q1'21	2021	Q1'22	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue	671	190	844	236	232	220	221	910	888	904	939
EBITDA (adj.)	85.1	29.1	103.7	29.2	25.3	23.8	22.1	100.4	103.0	108.5	112.9
Depreciation	-29.9	-7.5	-30.2	-7.7	-7.4	-8.1	-8.2	-31.4	-30.8	-31.0	-31.2
EBIT	42.0	18.7	3.5	14.1	17.9	15.7	13.9	61.6	72.2	77.5	81.7
Net financial items	-10.1	-1.8	-8.6	-2.8	-2.3	-2.5	-2.6	-10.2	-10.0	-9.9	-10.2
PTP	31.9	16.9	-5.1	11.3	15.6	13.2	11.3	51.4	62.2	67.6	71.6
Taxes	-6.6	-5.0	-13.7	-4.8	-3.1	-2.6	-2.3	-12.8	-15.6	-15.5	-16.5
Minority interest	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	24.9	11.9	-18.9	6.5	12.5	10.5	9.0	38.6	46.7	52.0	55.1
EPS (adj.)	0.94	0.51	1.76	0.34	0.30	0.26	0.22	1.12	1.14	1.27	1.34
EPS (rep.)	0.61	0.41	-0.65	0.16	0.30	0.26	0.22	0.94	1.14	1.27	1.34

Key figures	2020	Q1'21	2021	Q1'22	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue growth-%	-3.7 %	-	25.7 %	24.1 %	-	-	-0.7 %	7.8 %	-2.4 %	1.8 %	3.9 %
Adj. EBITDA growth-%	31.0 %	-	21.8 %	0.3 %	-	-	-2.2 %	-3.2 %	2.6 %	5.3 %	4.1 %
EBITDA-%	10.7 %	13.8 %	4.0 %	9.2 %	10.9 %	10.8 %	10.0 %	10.2 %	11.6 %	12.0 %	12.0 %
Adj. EBITDA-%	12.7 %	15.3 %	12.3 %	12.4 %	10.9 %	10.8 %	10.0 %	11.0 %	11.6 %	12.0 %	12.0 %
Net earnings-%	3.7 %	6.3 %	-2.2 %	2.8 %	5.4 %	4.8 %	4.1 %	4.2 %	5.3 %	5.8 %	5.9 %

Source: Inderes

Balance sheet

Assets	2020	2021	2022e	2023e	2024e
Non-current assets	596	602	596	594	592
Goodwill	365	369	369	369	369
Intangible assets	38.0	36.3	34.5	32.9	31.5
Tangible assets	164	163	165	167	168
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	3.1	7.2	7.0	7.0	7.0
Deferred tax assets	25.5	26.5	20.0	18.0	16.0
Current assets	240	444	394	421	437
Inventories	105	157	155	147	149
Other current assets	26.7	31.7	30.0	30.0	30.0
Receivables	53.1	77.1	91.0	88.8	90.4
Cash and equivalents	55.0	178	118	155	168
Balance sheet total	836	1046	989	1015	1029

Source: Inderes

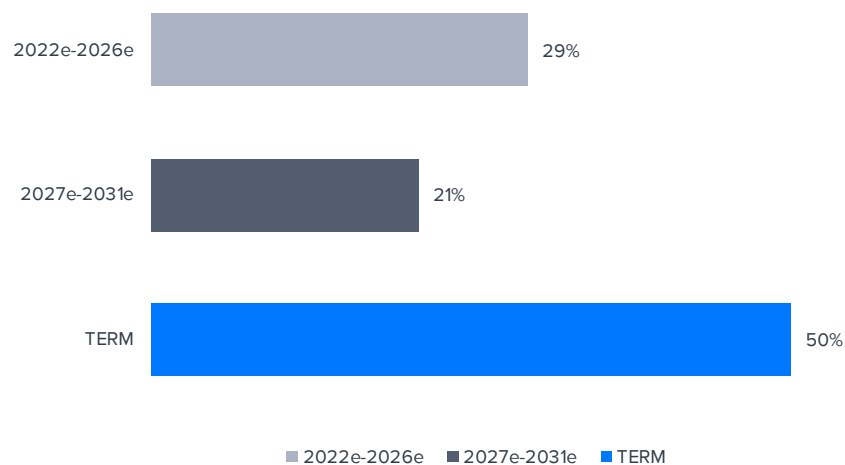
2021 Pro forma, 2019-2020 Purmo Group

Liabilities & equity	2020	2021	2022e	2023e	2024e
Equity	517	391	415	446	482
Share capital	0.0	3.1	3.1	3.1	3.1
Retained earnings	25.1	6.6	30.5	62.0	97.6
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	490	381	381	381	381
Minorities	1.8	0.0	0.0	0.0	0.0
Non-current liabilities	70.7	351	335	315	295
Deferred tax liabilities	3.9	2.6	2.6	2.6	2.6
Provisions	7.3	7.6	7.6	7.6	7.6
Long term debt	29.7	316	300	280	260
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	29.8	24.7	24.7	24.7	24.7
Current liabilities	248	304	240	254	253
Short term debt	100	101	10.0	30.0	30.0
Payables	142	192	218	209	208
Other current liabilities	6.1	11.7	11.7	15.0	15.0
Balance sheet total	836	1046	989	1015	1029

DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
EBIT (operating profit)	3.5	61.6	72.2	77.5	81.7	79.7	82.1	86.2	89.0	90.8	92.6	
+ Depreciation	30.2	31.4	30.8	31.0	31.2	31.3	31.4	31.5	31.5	31.5	31.6	
- Paid taxes	-16.0	-6.3	-13.6	-13.5	-16.5	-16.4	-17.1	-18.0	-18.7	-19.1	-19.5	
- Tax, financial expenses	-1.7	-2.5	-2.5	-2.3	-2.3	-1.9	-1.8	-1.8	-1.8	-1.8	-1.8	
+ 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	-25.2	16.9	3.9	-5.0	-10.6	-1.5	-1.3	-1.1	-0.9	-0.9	-1.0	
Operating cash flow	-9.3	101	90.9	87.7	83.5	91.2	93.3	96.7	99.1	100	102	
+ Change in other long-term liabilities	-4.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-35.4	-31.0	-31.2	-31.2	-31.2	-31.2	-31.2	-31.2	-31.2	-31.2	-36.9	
Free operating cash flow	-49.5	70.0	59.7	56.4	52.2	60.0	62.1	65.5	67.9	69.3	65.0	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-49.5	70.0	59.7	56.4	52.2	60.0	62.1	65.5	67.9	69.3	65.0	943
Discounted FCFF		66.3	51.8	44.9	38.2	40.2	38.1	36.9	35.1	32.8	28.3	410
Sum of FCFF present value		823	756	705	660	621	581	543	506	471	438	410
Enterprise value DCF		823										
- Interesting bearing debt		-417.0										
+ Cash and cash equivalents		178										
-Minorities		0.0										
-Dividend/capital return		-14.6										
Equity value DCF		569										
Equity value DCF per share		13.9										

Cash flow distribution



Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	35.0 %
Cost of debt	3.0 %
Equity Beta	1.60
Market risk premium	4.75%
Liquidity premium	3.00%
Risk free interest rate	2.0 %
Cost of equity	12.6 %
Weighted average cost of capital (WACC)	9.0 %

Source: Inderes

Summary

Income statement	2022e	2023e	Per share data	2022e	2023e
Revenue	909.6	888.0	EPS (reported)	0.94	1.14
EBITDA	93.0	103.0	EPS (adj.)	1.12	1.14
EBIT	61.6	72.2	OCF / share	2.46	2.21
PTP	51.4	62.2	FCF / share	1.71	1.45
Net Income	38.6	46.7	Book value / share	10.10	10.87
Extraordinary items	-7.5	0.0	Dividend / share	0.37	0.40
Balance sheet	2022e	2023e	Growth and profitability	2022e	2023e
Balance sheet total	989.4	1014.6	Revenue growth-%	8%	-2%
Equity capital	414.5	446.0	EBITDA growth-%	176%	11%
Goodwill	369.2	369.2	EBIT (adj.) growth-%	-6%	5%
Net debt	191.7	154.7	EPS (adj.) growth-%	-36%	1%
Cash flow	2022e	2023e	EBITDA-%	10.2 %	11.6 %
EBITDA	93.0	103.0	EBIT (adj.)-%	7.6 %	8.1 %
Change in working capital	16.9	3.9	EBIT-%	6.8 %	8.1 %
Operating cash flow	101.0	90.9	ROE-%	9.6 %	10.8 %
CAPEX	-31.0	-31.2	ROI-%	8.0 %	9.8 %
Free cash flow	70.0	59.7	Equity ratio	41.9 %	44.0 %
			Gearing	46.2 %	34.7 %
Valuation multiples	2022e	2023e			
EV/S	0.7	0.7			
EV/EBITDA (adj.)	6.6	5.6			
EV/EBIT (adj.)	8.9	8.0			
P/E (adj.)	9.2	9.1			
P/B	1.0	1.0			
Dividend-%	3.6 %	3.9 %			

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
05-01-22	Accumulate	16.00 €	14.80 €
04-03-22	Accumulate	12.50 €	10.90 €
13-04-22	Accumulate	13.00 €	12.00 €
13-05-22	Buy	13.00 €	10.35 €



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