

Suominen

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Sisäiset ongelmat iskivät tulokseen” published on 11/6/2024 at 8:27 pm EET.

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Internal problems hit the result

Suominen's Q3 results were significantly below the comparison period and forecasts due to the company's operational challenges. Although the company reaffirmed its guidance for an improved full-year earnings, we significantly lowered our forecasts for this and future years. Earnings multiples for the next few years are high, and we believe the stock is priced well above current earnings levels and our expectations for the next few years. As a result, we believe that the expected return remains weak. We lower our recommendation to Sell (was Reduce) and the target price to EUR 2.0 (was EUR 2.45).

Weak Q3 results due to operational challenges

Suominen's revenue was up 5% from the weak comparison period, as volumes and sales prices increased. However, revenue growth was slightly below our expectations, affected by internal operational problems. The positive revenue development did not support Suominen's Q3 earnings. Adjusted EBITDA was 3.3 MEUR, thus significantly below both the comparison period (5.1 MEUR) and our forecast (6.5 MEUR). This was mainly due to the "significant operational challenges" the company faced, which, according to the company, resulted in production stoppages and additional costs. The company estimates that the impact on EBITDA was 3 MEUR. Excluding these costs, the result would have been better than last year and close to the forecast, but still weak.

Guidance for improving result unchanged, but forecasts continue to be revised downwards

Suominen reiterated its guidance for this year, i.e., it expects the comparable EBITDA for the whole year to increase (2023: 16 MEUR). Last year, the improvement based on the same wording was less than 1 MEUR and performance was weaker than expected throughout the year, and the trend is the same this year. Therefore, after a weak Q3, we have lowered our forecasts and now expect adjusted EBITDA of around 18 MEUR. As the company's earnings level remains weak and we see no clear signs of a major turnaround, we have also slashed our 2025-26 forecasts (10-20% for EBITDA). In addition, we cut our dividend forecasts significantly and no longer expect a dividend this year due to the loss-making result and the tightened balance sheet.

We still expect improvement in the coming years, but earnings remain weak

Suominen's results are weak for the third year in a row. We believe the competitive situation is tighter than before the COVID years, as the sector invested heavily in new capacity when demand was high. We believe that this is also reflected in price/margin pressure for Suominen. As Suominen's production is almost entirely in countries with higher cost levels, it is also exposed to competition from cheaper production countries. The slow turnaround that began a year ago was halted, at least temporarily, by temporary issues in the third quarter. However, we expect earnings to gradually improve in the coming years.

The stock is pricing in a significant earnings improvement; we believe the expected return remains weak

We see a normal profit level for Suominen at 15-20 MEUR in EBIT (previously 20 MEUR), which we believe will not be reached until 2027. The company's earnings multiples are high for the next few years and at our acceptable multiples through 2027, so we see earnings growth of 2024-26 going into digesting the multiples. Considering the limited competitive advantages, we do not believe that the company will be able to achieve a return on capital that is sustainably above the required return in the long term, and thus the P/B ratio should be ~1x, so the 1.2x of 2025 also seems high. With trimmed dividend forecasts, the dividend does not significantly support the expected return, which therefore remains weak in our view.

Recommendation

Sell
(was Reduce)
EUR 2.00
(was EUR 2.45)

Share price:
2.48



Key figures

	2023	2024e	2025e	2026e
Revenue	451	461	466	475
growth-%	-9%	2%	1%	2%
EBIT adj.	-2.7	0.8	5.9	13.1
EBIT-% adj.	-0.6 %	0.2 %	1.3 %	2.8 %
Net Income	-12.8	-6.1	0.7	6.9
EPS (adj.)	-0.14	-0.08	0.01	0.12
P/E (adj.)	neg.	neg.	>100	20.8
P/B	1.2	1.3	1.3	1.2
Dividend yield-%	3.8 %	0.0 %	0.8 %	2.0 %
EV/EBIT (adj.)	neg.	>100	36.5	16.0
EV/EBITDA	17.6	11.1	9.0	6.4
EV/S	0.4	0.4	0.5	0.4

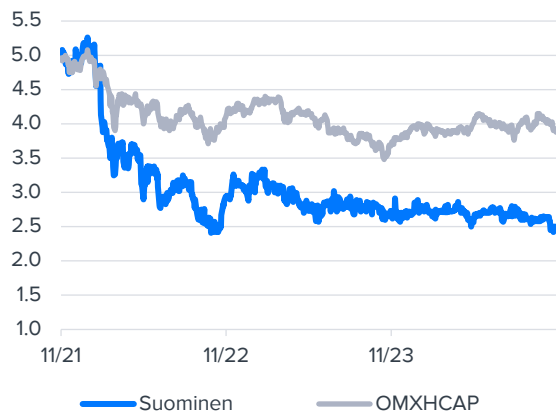
Source: Inderes

Guidance

(Unchanged)

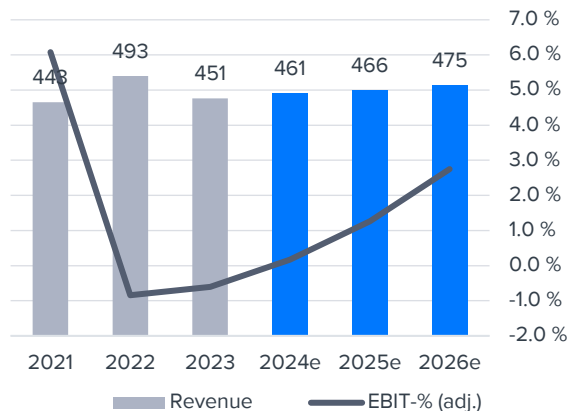
Suominen expects that its comparable EBITDA in 2024 will increase from 2023. In 2023, Suominen's comparable EBITDA was 15.8 MEUR.

Share price



Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Earnings normalizing as cost inflation stabilizes
- Steady end demand for products
- Suominen's expertise and products in sustainable non-wovens



Risk factors

- Tight competition in the industry
- Low pricing power
- Changes in raw material prices cause earnings fluctuation

Valuation	2024e	2025e	2026e
Share price	2.48	2.48	2.48
Number of shares, millions	57.7	57.7	57.7
Market cap	143	143	143
EV	198	214	210
P/E (adj.)	neg.	>100	20.8
P/E	neg.	>100	20.8
P/B	1.3	1.3	1.2
P/S	0.3	0.3	0.3
EV/Sales	0.4	0.5	0.4
EV/EBITDA	11.1	9.0	6.4
EV/EBIT (adj.)	>100	36.5	16.0
Payout ratio (%)	0%	176%	42%
Dividend yield-%	0.0%	0.8%	2.0%

Source: Inderes

Q3 weak due to operational issues

Volumes are increasing

Suominen's revenue was up from the weak comparison period, as both volumes and sales prices increased. However, the change was not significant compared to previous quarters of the year, as Q3 is typically a somewhat quieter quarter seasonally. Growth was particularly strong in Europe, where the company had suffered last year to some extent from the loss of revenue due to the closure of the Mozzate plant. However, revenue growth was slightly below our expectations, affected by internal operational problems.

Earnings dipped due to operational problems

Suominen's Q3 earnings were not supported by the positive momentum of the revenue development and were significantly below both the comparison period/previous quarters and the forecasts. This was mainly due to the "significant operational challenges"

the company faced, which, according to the company, resulted in production stoppages and additional costs. The company would not specify what those challenges were, but our understanding is that there were problems at more than one plant, which we think is a somewhat troubling sign. The company estimates that the impact on EBITDA was 3 MEUR. Excluding these costs, the result would have been better than last year and close to the forecast, but still weak. According to the company, the problems were largely resolved during Q3.

Below the EBIT, financing expenses were higher than expected, pushing net income/EPS well into the red. No significant non-recurring items were recorded in the quarter.

Cash flow weak, balance sheet tightening

As in the first half of the year, Suominen's cash flow remained weak and cash flow from operating

activities was negative both in the third quarter and in January-September due to an increase in working capital. Suominen is making significant investments, so the cash flow is also directed there, and taking into account the dividend payment in the spring, the cash flow for January-September is negative by more than 15 MEUR.

With negative cash flow and weak earnings, the company's balance sheet has also deteriorated. Net debt to adjusted EBITDA (rolling 12 months) was 3.5x at the end of the third quarter, which we believe is starting to get worryingly high. This may, for example, require Suominen to release working capital at the expense of margins and to reduce the dividend, which we expect to be zero this year. The expected turnaround would of course contribute to an improvement in the ratio, which we forecast to reach 2.0x by the end of 2026.

Estimates MEUR / EUR	Q3'23	Q3'24	Q3'24e	Q3'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	106	112	114	116			-2%	461
EBITDA (adj.)	5.1	3.3	6.5	7.1			-49%	19.2
EBIT (adj.)	0.7	-1.5	2.0	2.6			-176%	0.8
EBIT	0.6	-1.4	1.5	-			-194%	-0.6
EPS (reported)	0.01	-0.06	0.00	0.02			-1780%	-0.11
Revenue growth-%	-19.4 %	4.9 %	7.1 %	8.7 %			-2.2 pp	2.3 %
EBIT-% (adj.)	0.7 %	-1.3 %	1.7 %	2.2 %			-3 pp	0.2 %

Source: Inderes & Vara Research, 3 forecasts (consensus)

Estimates slashed

Full-year guidance remains unchanged

Suominen reiterated its guidance for the full year and expects adjusted EBITDA to improve compared to last year (15.8 MEUR). However, after a poor Q3, it is clear that the improvement is weaker than previously expected and will be quite small. However, the company does not expect the weakness in Q3 to continue to have at least a significant impact on Q4 results. In January-September, the company has already managed to improve its adjusted EBITDA by more than 2 MEUR. Our forecast for adjusted EBITDA in 2024 is now 18 MEUR.

We expect EBIT for the year to be close to zero and net income to be a significant loss. Given the tight balance sheet and the loss-making results mentioned on the previous page, we have reduced our dividend forecast for this year to zero.

Significant downward revision of forecasts for the coming years

Although the problems in Q3 are of a temporary nature, Suominen has been struggling for a long time to raise its earnings to a satisfactory level. There has been no significant change in end demand, and we believe there is still overcapacity in the industry, particularly in Europe. Suominen has also not announced any significant efficiency measures that would support the bottom line. Therefore, we do not see any drivers for a significant increase in performance from current levels until next year.

Our new forecast for 2025 is for adjusted EBITDA of around 25 MEUR, which would mean around 6 MEUR / quarter, which Suominen would have achieved in Q3 without additional expenses. This level is better than in recent years and requires

further progress in improving efficiency. We have also significantly lowered our dividend forecast, and with net income at zero in our forecast for next year, the dividend may not be paid then either.

For 2026, we have also lowered our forecasts relatively significantly. We see an EBIT level of 15-20 MEUR as achievable for Suominen in the medium term, but we do not expect the company to reach this level in 2026 as competition remains fierce.

Estimate revisions MEUR / EUR	2024e			2025e			2026e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
Revenue	466	461	-1%	475	466	-2%	480	475	-1%
EBITDA	20.5	17.8	-13%	30.7	23.9	-22%	38.4	32.9	-14%
EBIT (exc. NRIs)	4.4	0.8	-83%	11.1	5.9	-47%	18.0	13.1	-27%
EBIT	2.4	-0.6	-126%	11.1	5.9	-47%	18.0	13.1	-27%
PTP	-2.2	-5.9	-176%	7.1	0.9	-88%	14.0	9.2	-34%
EPS (excl. NRIs)	-0.01	-0.08	-717%	0.09	0.01	-88%	0.18	0.12	-34%
DPS	0.10	0.00	-100%	0.10	0.02	-80%	0.11	0.05	-55%

Source: Inderes

Suominen Oyj, Q3'24



Valuation is high

Recommendation cut to Sell

We value Suominen using earnings- and balance sheet-based multiples and the DCF model. The earnings improvement we forecast will be spent digesting multiples over the next few years, and even at a much better earnings level (2026-27), we think the valuation is high. Our trimmed dividend forecast also does not provide significant support in terms of expected returns in the coming years. Thus, we see the expected return as negative.

Valuation still expensive on 2026 figures

Due to the poor result, valuation multiples for 2022-24 cannot be calculated or they are high, and we feel the earnings level does not depict the company's normal level. We believe that the company's results will only reach the EBIT level of EUR 15-20 MEUR that we see as potential in 2027. Valuation multiples are still quite high for 2025, and for 2026, EV/EBITDA is just over 6x and P/E is around 20x. We feel Suominen's acceptable valuation multiples are P/E around 10-12x and EV/EBITDA 5-6x. The multiples fall within this range in our projections only in 2027 and assume a significant earnings improvement.

Suominen's P/B multiple is around 1.2x for 2024-25. Our projections suggest that the company will only be able to achieve a return on equity of around 9% in 2027, which is roughly in line with our required return, leaving a P/B ratio of around 1x in the longer term. In 2024-26, the return on capital is below our required return. We forecast a dividend yield of 0-2% in 2024-26.

The value of the DCF model is around EUR 2

The value of the DCF model is around EUR 2, which is in line with our target price. The model assumes a longer-term EBIT margin of 4.0% (previously 4.5%) and thus an EBIT of just under 20 MEUR. We use a WACC of 8.4% for Suominen, which gives a market cap of around 110 MEUR.

Longer-term return potential is moderate

In the longer term, we believe that Suominen's return on capital will be roughly at the level of the required return. We believe that the company will be able to achieve small earnings growth, but in the absence of clear competitive advantages, with strong competition in the sector and volatile raw material prices swaying profitability, we do not believe in significant and sustainable earnings growth nor return on capital that exceeds the required return in the long-term. We expect that the company can pay good 5% dividend yield in the longer term compared to the current share price, which supports the longer-term expected return. However, the expected return in both the short and long term is below 10%, which is below our required return.

Valuation	2024e	2025e	2026e
Share price	2.48	2.48	2.48
Number of shares, millions	57.7	57.7	57.7
Market cap	143	143	143
EV	198	214	210
P/E (adj.)	neg.	>100	20.8
P/E	neg.	>100	20.8
P/B	1.3	1.3	1.2
P/S	0.3	0.3	0.3
EV/Sales	0.4	0.5	0.4
EV/EBITDA	11.1	9.0	6.4
EV/EBIT (adj.)	>100	36.5	16.0
Payout ratio (%)	0%	176%	42%
Dividend yield-%	0.0 %	0.8 %	2.0 %

Source: Inderes

Climate target and taxonomy analysis

Suominen's business is practically outside taxonomy

Suominen's business is the production and sale of nonwovens, which is not covered by the taxonomy at this stage. As a result, the company has indicated that its taxonomy eligibility and alignment is currently 0% in terms of revenue. However, in terms of operating costs and investments, Suomi has some taxonomic activities, e.g. related to energy efficiency, water treatment and product development. In practice, Suominen has no taxonomic activities in this respect either. It remains to be seen how the changing interpretation and content of the taxonomy will affect reporting in the future.

However, sustainability as such plays an important role in Suominen's operations, as a significant proportion of its new products are sustainable nonwovens and sales of sustainable products are growing significantly.

We feel taxonomy has no impact on the business

As Suominen's activities are outside the scope of the taxonomy, we do not see the taxonomy having any impact on Suominen, at least for the time being. Nor do we see taxonomy (or lack of its definition) having any impact on Suominen's financing costs in the near future.

Emissions targets not in line with Paris Agreement

Suominen has not committed to the Science Based Targets initiative, nor has it indicated a clear goal to commit to any warming scenario. However, the company has set its own environmental goals to be achieved by 2025. For greenhouse gas emissions, the target is a 20% reduction in Scope 1 & 2 emissions (measured in tons/ton of product) compared to 2019. By 2023, the company had achieved a 15% reduction,

so the company is roughly on track to meet the target, but we think the 20% target is not particularly ambitious and does not take into account Scope 3 emissions at all.

Taxonomy eligibility	2022	2023
Revenue	0%	0%
OPEX	16%	17%
CAPEX	12%	13%

Taxonomy alignment	2022	2023
Revenue	0%	0%
OPEX	0%	0%
CAPEX	1%	0%

Climate

Climate target	Yes	Yes
Target according to Paris agreement (1.5°C warming scenario)	No	No

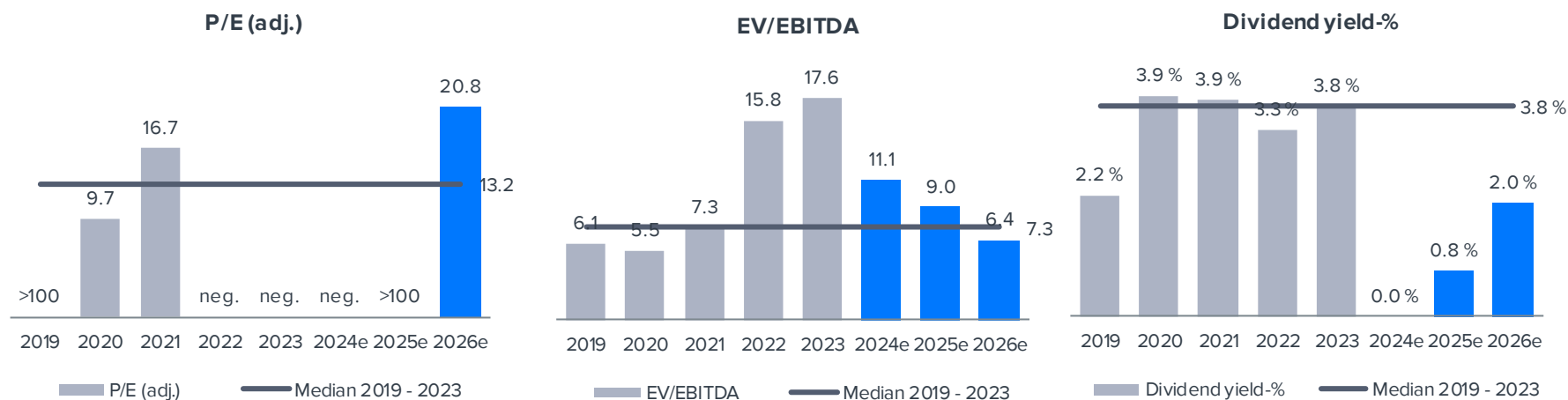
We are starting to increase the visibility of sustainability assessments by looking at the climate target and taxonomy impacts because we believe that they are currently, on average, most significant in the company's value formation. Visibility to other factors will be gradually increased. The analyst considers the impact of all sustainability factors on the company's growth and profitability potential and risk (i.e. the required return) when forming the investment view.

NB! Taxonomy eligibility % is shown in the table without taxonomy-aligned activities.

Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	2.31	5.08	5.18	3.00	2.66	2.48	2.48	2.48	2.48
Number of shares, millions	57.5	57.5	57.5	57.5	57.7	57.7	57.7	57.7	57.7
Market cap	133	292	298	172	153	143	143	143	143
EV	204	334	345	226	197	198	214	210	201
P/E (adj.)	>100	9.7	16.7	neg.	neg.	neg.	>100	20.8	13.2
P/E	>100	9.7	14.4	neg.	neg.	neg.	>100	20.8	13.2
P/B	1.0	2.0	1.8	1.2	1.2	1.3	1.3	1.2	1.1
P/S	0.3	0.6	0.7	0.3	0.3	0.3	0.3	0.3	0.3
EV/Sales	0.5	0.7	0.8	0.5	0.4	0.4	0.5	0.4	0.4
EV/EBITDA	6.1	5.5	7.3	15.8	17.6	11.1	9.0	6.4	5.3
EV/EBIT (adj.)	25.1	8.5	12.8	neg.	neg.	>100	36.5	16.0	11.1
Payout ratio (%)	1282.8 %	38.2 %	55.4 %	neg.	neg.	0.0 %	176.3 %	41.9 %	50.0 %
Dividend yield-%	2.2 %	3.9 %	3.9 %	3.3 %	3.8 %	0.0 %	0.8 %	2.0 %	3.8 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Huhtamäki	3845	5177	12.9	11.9	8.4	8.0	1.3	1.2	14.8	13.4	3.1	3.3	1.9
Duni	391	511	11.5	8.1	9.1	5.9	0.8	0.8	12.1	9.1	3.6	5.1	1.2
Sealed Air	4865	8742	11.5	11.1	8.7	8.4	1.8	1.8	12.2	11.6	2.2	2.3	6.5
Riverstone	931	779	9.9	9.3	8.6	8.1	3.3	3.0	14.9	14.2	6.3	6.7	2.6
Berry Plastics	6811	14323	12.3	11.5	7.6	7.3	1.3	1.3	8.6	7.9	1.7	1.8	2.1
Suominen (Inderes)	143	198	261.0	36.5	11.1	9.0	0.4	0.5	-30.3	218.6	0.0	0.8	1.3
Average			11.6	10.4	8.5	7.6	1.7	1.6	12.5	11.2	3.4	3.8	2.9
Median			11.5	11.1	8.6	8.0	1.3	1.3	12.2	11.6	3.1	3.3	2.1
Diff-% to median			2166%	230%	30%	12%	-66%	-63%	-348%	1784%	-100%	-76%	-41%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue	493	117	113	106	115	451	114	119	112	117	461	466	475	484
EBITDA	14.3	2.6	-1.9	5.0	5.5	11.2	4.7	3.7	3.4	6.1	17.8	23.9	32.9	38.0
Depreciation	-23.2	-4.7	-4.8	-4.4	-4.8	-18.7	-4.6	-4.5	-4.8	-4.6	-18.5	-18.0	-19.8	-19.9
EBIT (excl. NRI)	-4.2	-2.0	-2.1	0.7	0.7	-2.7	-0.1	0.4	-1.5	2.0	0.8	5.9	13.1	18.1
EBIT	-9.0	-2.1	-6.7	0.6	0.7	-7.5	0.1	-0.8	-1.4	1.5	-0.6	5.9	13.1	18.1
Net financial items	-2.9	-1.5	-1.3	-1.2	-2.0	-6.0	-0.8	-1.1	-1.9	-1.5	-5.3	-5.0	-3.9	-3.6
PTP	-11.9	-3.6	-8.0	-0.6	-1.3	-13.5	-0.7	-1.9	-3.3	0.0	-5.9	0.9	9.2	14.5
Taxes	-2.0	-0.3	-0.2	1.3	-0.1	0.7	-0.3	0.0	0.1	0.0	-0.2	-0.2	-2.3	-3.6
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
Net earnings	-13.9	-3.9	-8.2	0.8	-1.4	-12.8	-1.0	-1.9	-3.2	0.0	-6.1	0.7	6.9	10.9
EPS (adj.)	-0.16	-0.07	-0.06	0.01	-0.02	-0.14	-0.02	-0.01	-0.06	0.01	-0.08	0.01	0.12	0.19
EPS (rep.)	-0.24	-0.07	-0.14	0.01	-0.02	-0.22	-0.02	-0.03	-0.06	0.00	-0.11	0.01	0.12	0.19
Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	11.3 %	5.9 %	-4.5 %	-19.4 %	-13.7 %	-8.6 %	-2.7 %	5.3 %	4.8 %	2.0 %	2.3 %	1.0 %	2.0 %	2.0 %
Adjusted EBIT growth-%	-115.4 %	57.7 %	-27.7 %	246.5 %	-456.0 %	-34.6 %	-95%	-119%	-314%	188%	-128%	674%	122.4 %	38.7 %
EBITDA-%	2.9 %	2.2 %	-1.7 %	4.7 %	4.8 %	2.5 %	4.1 %	3.1 %	3.0 %	5.2 %	3.9 %	5.1 %	6.9 %	7.8 %
Adjusted EBIT-%	-0.8 %	-1.7 %	-1.9 %	0.7 %	0.6 %	-0.6 %	-0.1 %	0.3 %	-1.3 %	1.7 %	0.2 %	1.3 %	2.8 %	3.7 %
Net earnings-%	-2.8 %	-3.3 %	-7.3 %	0.7 %	-1.2 %	-2.8 %	-0.9 %	-1.6 %	-2.9 %	0.0 %	-1.3 %	0.1 %	1.4 %	2.2 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	154	148	144	156	157
Goodwill	15.5	15.5	15.5	15.5	15.5
Intangible assets	9.7	6.1	6.2	6.3	6.4
Tangible assets	128	124	120	132	132
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.5	0.5	0.5	0.5	0.5
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.7	2.0	1.7	1.7	1.7
Current assets	189	168	141	142	145
Inventories	63.3	37.9	41.5	44.2	45.1
Other current assets	9.6	9.4	9.4	9.4	9.4
Receivables	66.6	62.3	62.2	60.5	61.7
Cash and equivalents	49.5	58.8	27.7	27.9	28.5
Balance sheet total	343	316	285	298	301

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	146	125	113	114	119
Share capital	11.9	11.9	11.9	11.9	11.9
Retained earnings	30.7	12.3	0.4	1.0	6.7
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	103	101	101	101	101
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	74.6	69.4	87.5	102	98.7
Deferred tax liabilities	11.7	9.4	9.4	9.4	9.4
Provisions	2.0	0.6	2.0	2.0	2.0
Interest bearing debt	60.5	59.2	75.9	90.9	87.1
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.4	0.2	0.2	0.2	0.2
Current liabilities	123	122	84.5	82.3	83.2
Interest bearing debt	42.9	43.1	6.8	8.4	8.0
Payables	79.8	75.1	73.8	69.8	71.2
Other current liabilities	0.3	4.0	4.0	4.0	4.0
Balance sheet total	344	317	285	298	301

DCF calculation

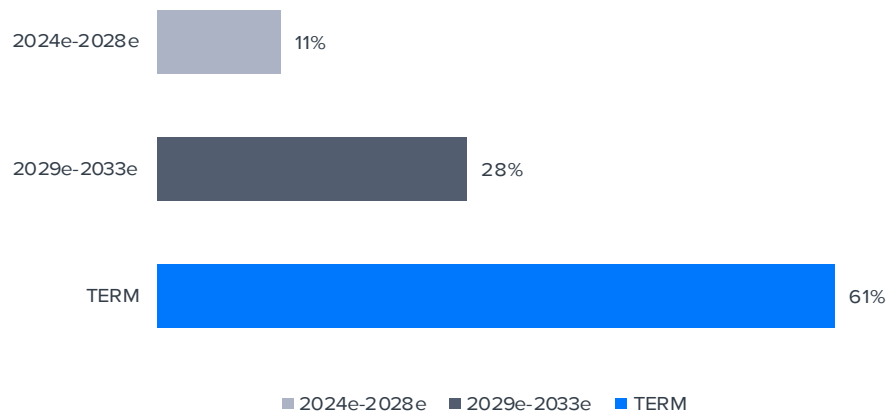
DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-8.6 %	2.3 %	1.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	-1.7 %	-0.1 %	1.3 %	2.8 %	3.7 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %
EBIT (operating profit)	-7.5	-0.6	5.9	13.1	18.1	19.8	20.2	20.6	21.0	21.4	21.8	
+ Depreciation	18.7	18.5	18.0	19.8	19.9	19.6	19.3	19.1	18.5	18.1	18.0	
- Paid taxes	-2.9	0.2	-0.2	-2.3	-3.6	-4.1	-4.3	-4.5	-4.6	-4.7	-4.8	
- Tax, financial expenses	-0.3	0.2	-1.3	-1.0	-0.9	-0.8	-0.8	-0.7	-0.7	-0.7	-0.7	
+ 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	28.9	-4.9	-5.0	-0.7	-0.7	-0.7	-0.7	-0.8	-0.8	-0.8	-0.8	
Operating cash flow	36.8	13.3	17.5	28.9	32.7	33.7	33.7	33.8	33.5	33.3	33.6	
+ Change in other long-term liabilities	-1.6	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-10.8	-15.1	-30.1	-20.1	-18.1	-18.1	-18.1	-15.9	-15.9	-18.0	-20.7	
Free operating cash flow	24.4	-0.4	-12.6	8.8	14.6	15.6	15.6	17.9	17.6	15.4	12.9	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	24.4	-0.4	-12.6	8.8	14.6	15.6	15.6	17.9	17.6	15.4	12.9	207
Discounted FCFF		-0.4	-11.5	7.4	11.4	11.1	10.3	10.9	9.9	8.0	6.2	99
Sum of FCFF present value		162	162	174	167	155	144	134	123	113	105	99
Enterprise value DCF		162										
- Interest bearing debt		-102										
+ Cash and cash equivalents		59										
-Minorities		0.0										
-Dividend/capital return		-5.8										
Equity value DCF		113										
Equity value DCF per share		2.0										

WACC

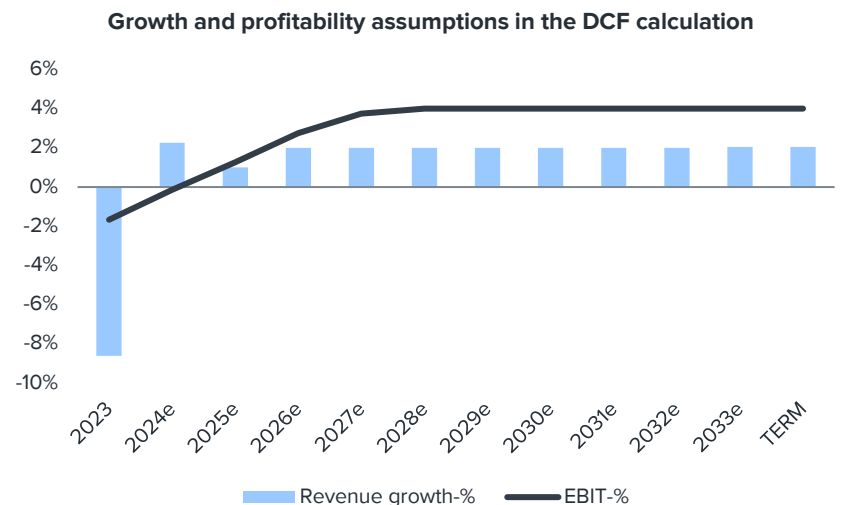
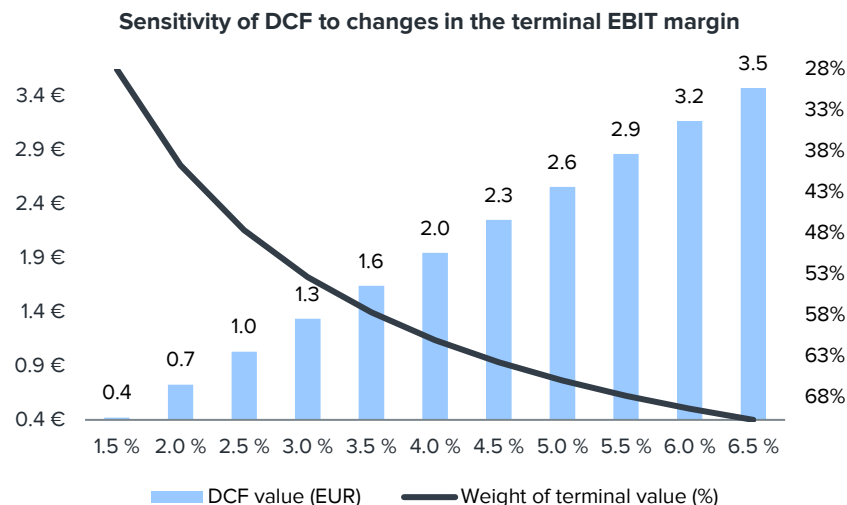
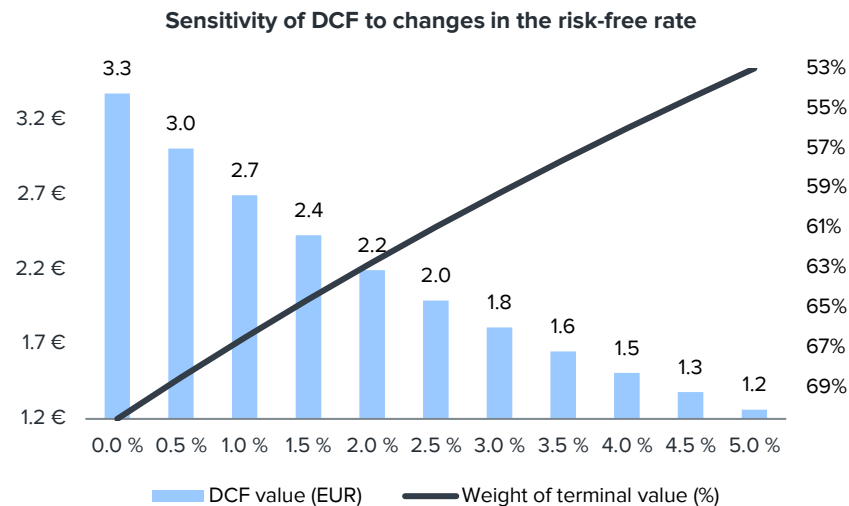
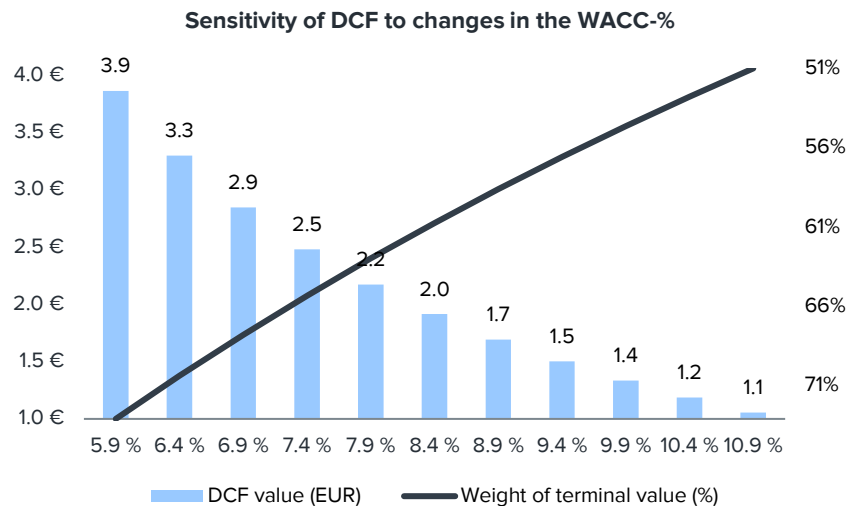
Tax-% (WACC)	25.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.0 %
Equity Beta	1.32
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	9.8 %
Weighted average cost of capital (WACC)	8.4 %

Source: Inderes

Cash flow distribution



DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	443.2	493.3	450.8	461.0	465.6	EPS (reported)	0.36	-0.24	-0.22	-0.11	0.01
EBITDA	47.0	14.3	11.2	17.8	23.9	EPS (adj.)	0.31	-0.16	-0.14	-0.08	0.01
EBIT	26.9	-9.0	-7.5	-0.6	5.9	OCF / share	0.34	0.31	0.64	0.23	0.30
PTP	26.6	-11.9	-13.5	-5.9	0.9	FCF / share	0.03	0.13	0.42	-0.01	-0.22
Net Income	20.7	-13.9	-12.8	-6.1	0.7	Book value / share	2.84	2.54	2.17	1.96	1.97
Extraordinary items	0.0	-4.8	-4.8	-1.4	0.0	Dividend / share	0.20	0.10	0.10	0.00	0.02
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	386.7	343.5	316.4	285.0	298.4	Revenue growth-%	-3%	11%	-9%	2%	1%
Equity capital	163.2	146.0	124.9	113.0	113.7	EBITDA growth-%	-23%	-70%	-22%	59%	34%
Goodwill	15.5	15.5	15.5	15.5	15.5	EBIT (adj.) growth-%	-32%	-115%	-35%	-128%	674%
Net debt	47.8	53.9	43.5	55.0	71.4	EPS (adj.) growth-%	-41%	-151%	-12%	-41%	-114%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	10.6 %	2.9 %	2.5 %	3.9 %	5.1 %
EBITDA	47.0	14.3	11.2	17.8	23.9	EBIT (adj.)-%	6.1 %	-0.8 %	-0.6 %	0.2 %	1.3 %
Change in working capital	-24.7	6.0	28.9	-4.9	-5.0	EBIT-%	6.1 %	-1.8 %	-1.7 %	-0.1 %	1.3 %
Operating cash flow	19.4	17.7	36.8	13.3	17.5	ROE-%	13.4 %	-9.0 %	-9.4 %	-5.2 %	0.6 %
CAPEX	-17.6	-9.8	-10.8	-15.1	-30.1	ROI-%	9.7 %	-3.2 %	-3.2 %	-0.3 %	2.9 %
Free cash flow	1.8	7.7	24.4	-0.4	-12.6	Equity ratio	42.2 %	42.5 %	39.5 %	39.6 %	38.1 %
						Gearing	29.3 %	36.9 %	34.8 %	48.7 %	62.8 %

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
8/8/2019	Reduce	2.40 €	2.48 €
10/23/2019	Reduce	2.25 €	2.33 €
1/30/2020	Reduce	2.35 €	2.48 €
4/24/2020	Accumulate	3.25 €	3.02 €
5/13/2020	Accumulate	3.40 €	3.17 €
6/18/2020	Accumulate	4.00 €	3.69 €
8/13/2020	Accumulate	5.40 €	5.00 €
10/28/2020	Accumulate	5.40 €	5.06 €
2/5/2021	Accumulate	6.00 €	5.74 €
4/29/2021	Accumulate	6.25 €	5.87 €
6/24/2021	Accumulate	6.25 €	5.45 €
8/16/2021	Accumulate	5.60 €	5.27 €
10/29/2021	Accumulate	5.25 €	4.72 €
2/4/2022	Reduce	4.50 €	4.33 €
5/5/2022	Reduce	3.30 €	3.12 €
7/15/2022	Reduce	3.30 €	3.12 €
8/10/2022	Reduce	3.30 €	3.18 €
	Analyst changed		
10/27/2022	Accumulate	3.00 €	2.48 €
12/14/2022	Reduce	3.00 €	3.10 €
1/11/2023	Reduce	3.00 €	3.00 €
2/6/2023	Reduce	3.00 €	3.08 €
5/5/2023	Reduce	2.80 €	2.88 €
8/10/2023	Sell	2.60 €	2.94 €
9/20/2023	Sell	2.60 €	2.84 €
10/30/2023	Reduce	2.60 €	2.66 €
2/7/2024	Reduce	2.50 €	2.66 €
5/8/2024	Reduce	2.50 €	2.56 €
8/12/2024	Reduce	2.45 €	2.68 €
11/7/2024	Sell	2.00 €	2.48 €



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