

Enento Group

Company report

10/11/2023



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✓ Inderes corporate customer

This report is a summary translation of the report “Toimintaympäristö ei ole helpottumassa hetkeen” published on 10/11/2023 at 8:15 am EEST.

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res.**

Operating environment is not easing any time soon

We lower our target price for Enento to EUR 21.0 (was EUR 24.5) and reiterate our Accumulate recommendation. We consider the stock price reaction to the profit warning to be strong, despite the decline in forecasts. We see an improved expected return for the share following the price decline, but do not consider the valuation (2023e EV/EBIT 13x) to be exceptionally attractive given the weak near-term drivers of the business. Thus, we are waiting for an even better risk/return ratio to take a stronger view on the stock.

Weaker-than-expected demand for consumer information services led to a slight decline in growth prospects

On Monday, Enento lowered its net sales guidance for the current year. Enento now estimates its net sales to decline 0-1.5% (previous growth of 0-5%), excluding the impact from the discontinued Tambur service, at comparable exchange rates to 2022. The profitability guidance remains unchanged, and Enento expects the adjusted EBITDA margin to be 36-37%. The lowered revenue guidance is particularly due to the weaker-than-expected development of the Consumer Insight business area in Sweden in Q3. We already commented on the profit warning in more detail [yesterday morning](#).

Small cuts to the estimates for the next few years

The profit warning was not particularly dramatic, as our estimate was already at the lower end of the previous guidance range. With the market remaining challenging, the turn to slightly negative growth is not particularly surprising given that adjusted growth was only marginally positive in H1'23 (+0.5%). Our net sales estimate for the current year decreased by 2% and we now forecast a 7% (around -1% on a comparable basis) decline to EUR 155 million. Our earnings forecast for the current year decreased by 3% and we forecast an adjusted EBITDA margin of 36.4%. The company currently sees no clear signs of a significant improvement in the market situation towards the end of the year and we expect the market weakness to continue into next year. Therefore, we also lowered our net sales (~2%) and earnings (~3-4%) forecasts for the coming years.

Q3 report on Friday 27.10: Challenging quarter behind

We forecast Enento's Q3 net sales to decrease by 11% to EUR 35.9 million. The decline in net sales is driven in particular by weaker demand for consumer credit information services, the discontinuation of the Tambur platform and the weakness of SEK and NOK. Business Insight has continued to perform well, and here we expect growth especially in risk management and compliance services. In comparable currencies and adjusted for Tambur, we expect net sales to have decreased by around 3% year-on-year. We expect the adjusted EBIT for Q3 to land at EUR 11.1 million (Q3'22: 13.6 MEUR), which corresponds to an EBIT margin of 30.8% (Q3'22: 33.5%). The company has high gross margins, so the decline in net sales is strongly reflected in the bottom lines. However, relative profitability is supported by the change negotiations and other efficiency measures that the company carried out in the early part of the year.

Earnings growth and dividend create a comfortable expected return

Enento's EV/EBIT multiples for 2023-2024 are 13x-12x. We consider the multiples to be neutral and see no material upside in the current interest rate environment. Moreover, earnings growth moves in the wrong direction in the coming quarters, and thus the short-term upside drivers for the stock may be limited. The expected return on the stock over the next few years is based on our forecast of earnings growth of around 7% and a dividend yield of 5-6%. There are also plenty of other affordable things to buy on Nasdaq Helsinki, and we do not consider the current situation to be an exceptional buying opportunity. Thus, we keep waiting for an even better risk/return ratio to take a stronger view.

Recommendation

Accumulate

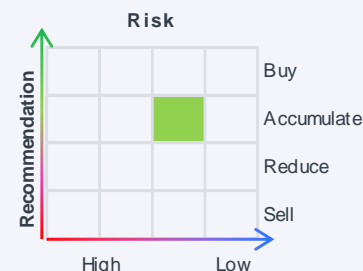
(previous Accumulate)

21.00 EUR

(previous EUR 24.5)

Share price:

18.22



Key figures

	2022	2023e	2024e	2025e
Revenue	167.5	155.1	162.6	170.9
growth-%	2%	-7%	5%	5%
EBIT adj.	49.1	45.6	48.2	53.0
EBIT-% adj.	29.3 %	29.4 %	29.7 %	31.0 %
Net Income	17.4	20.3	25.2	29.4
EPS (adj.)	1.11	1.17	1.38	1.54

P/E (adj.)	19.2	15.5	13.2	11.8
P/B	1.7	1.5	1.5	1.5
Dividend yield-%	4.7 %	5.5 %	5.8 %	6.0 %
EV/EBIT (adj.)	13.2	12.7	11.9	10.6
EV/EBITDA	11.6	11.0	9.6	8.8
EV/S	3.9	3.7	3.5	3.3

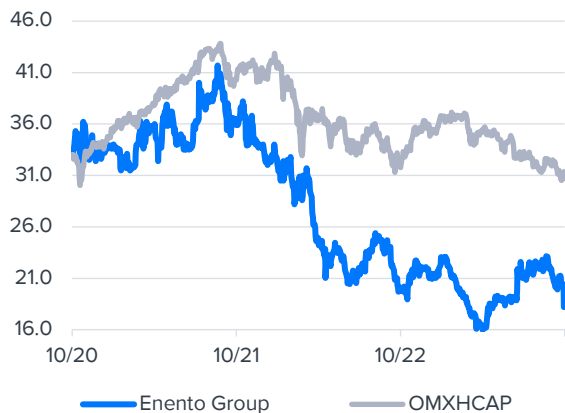
Source: Inderes

Guidance

(Lowered)

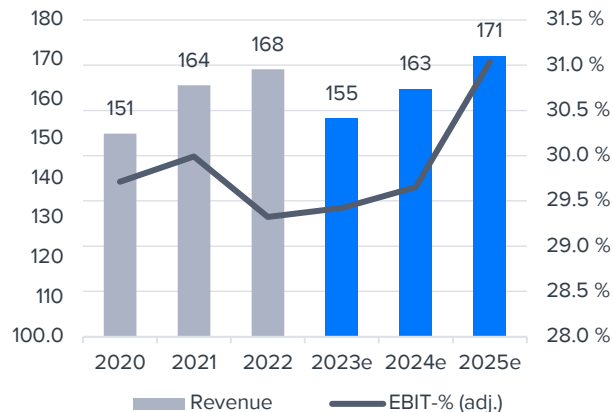
Enento Group estimates its full-year 2023 net sales to decline 0-1.5% (previous growth of 0-5%), excluding the impact from the discontinued Tambur service, at comparable exchange rates to 2022. Enento Group expects its adjusted EBITDA margin to be in the range of 36-37%.

Share price



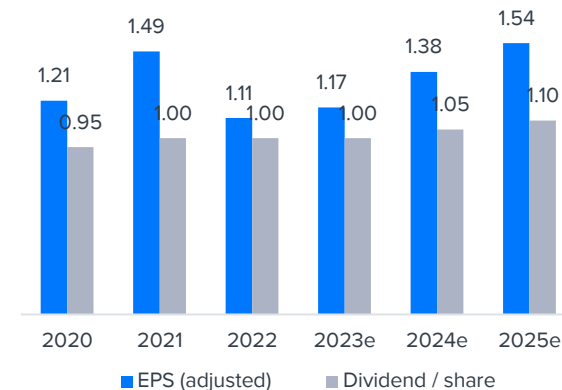
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Steady growth and strong profitability
- Stable cash flow enables investments for growth
- Well-known and respected brands in the Nordic countries
- Mainly defensive income streams
- Potential longer-term efficiency gains from building the new technology platform
- M&A option (potential buyer and target)



Risk factors

- In the short term, the growth outlook is weak in a challenging market environment
- Dependence on the Nordic banking sector
- Failure to build a unified technology platform
- Regulatory changes can lead to changes in the operating environment

Valuation	2023e	2024e	2025e
Share price	18.2	18.2	18.2
Number of shares, millions	23.8	23.8	23.8
Market cap	434	434	434
EV	580	572	562
P/E (adj.)	15.5	13.2	11.8
P/E	21.4	17.2	14.7
P/FCF	17.4	11.6	10.9
P/B	1.5	1.5	1.5
P/S	2.8	2.7	2.5
EV/Sales	3.7	3.5	3.3
EV/EBITDA	11.0	9.6	8.8
EV/EBIT (adj.)	12.7	11.9	10.6
Payout ratio (%)	117.2 %	99.3 %	88.9 %
Dividend yield-%	5.5 %	5.8 %	6.0 %

Source: Inderes

Q3 on Friday 27.10: Challenging quarter behind

Enento will publish its Q3 results on Friday, October 27, at 11.00 am EEST. With a negative profit warning, it is clear that the quarter has been challenging, marked in particular by weakening demand for consumer credit information services. Despite the sharp decline in net sales, we expect the company to have been able to maintain its strong profitability thanks to its adjustment measures.

Significant step back expected on the top line

We forecast Enento's Q3 net sales to decrease by 11% to EUR 35.9 million. The decline in net sales is driven in particular by weaker demand for consumer credit information services. The market situation is challenging, especially in Sweden (2022: 53% of net sales), where consumer sentiment and related loan volume growth are weak. Demand situation for sales and marketing and direct-to-consumer services is also sluggish. The current weakness in the business is therefore in the Consumer Insight business area. In turn, Business Insight has continued to perform well, and here we expect continued growth especially in risk management and compliance services.

However, these are not enough to compensate for the current weakness of Consumer Insight.

In addition to the challenging market situation, reported net sales is under pressure from the discontinuation of the Tambur platform (ca. -1.5% negative impact on Group net sales at comparable exchange rates from Q2'23 onwards) and the weakness of SEK and NOK. In comparable FX rates and adjusted for the Tambur platform, we expect net sales to have decreased by around 3%.

Profitability successfully protected

We expect the adjusted EBIT for Q3 to land at EUR 11.1 million (Q3'22: 13.6 MEUR), which corresponds to an EBIT margin of 30.8% (Q3'22: 33.5%). The company has high gross margins, so the decline in net sales is strongly reflected in the bottom lines. However, the company has made significant adjustments this year and relative profitability is supported by the change negotiations and other efficiency measures carried out in the early part of the year. These have already shown promising results in

the early part of the year, and we are confident in the company's ability to adapt in a challenging environment. Adjusted EBITDA is expected to land at EUR 13.8 million (Q3'22: 16.2 MEUR), corresponding to an adjusted EBITDA margin of 38.3% (Q3'22: 40.1%).

Guidance known - a more detailed outlook under review

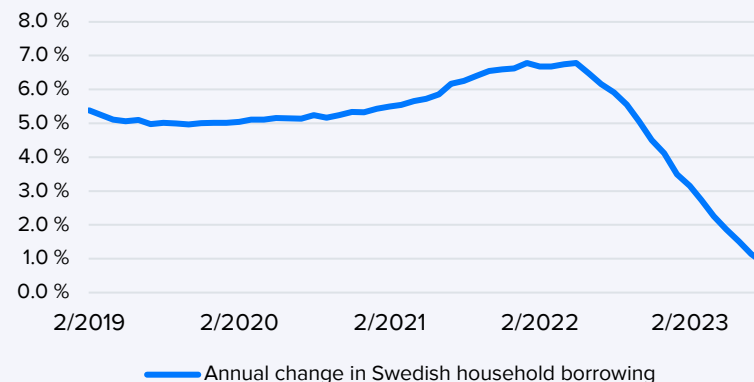
The guidance in the Q3 report is already known due to the profit warning. In the report, our focus is on further comments from the company on the background to the profit warning and the market outlook. We look forward to hearing the company's comments, particularly on how long the company expects the current challenging market situation to continue. The profit warning gave the impression that the challenges are largely external and not related to the company's own performance. Thus, it may also be difficult for the company to give a more precise outlook on the duration of the challenges.

Estimates MEUR / EUR	Q3'22	Q3'23	Q3'23e	Q3'23e	Consensus		2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	40.5	35.9	37.9		-	-	155
EBITDA (adj.)	16.2	14.7	14.7		-	-	57.9
EBIT (adj.)	13.6	11.1	12.0		-	-	45.6
EBIT	10.5	8.5	9.6		-	-	32.3
EPS (reported)	0.23	0.23	0.26		-	-	0.85
Revenue growth-%	4.9 %		-11.3 %	-6.4 %	█	-	-7.4 %
EBIT-% (adj.)	33.5 %		30.8 %	31.7 %		-	29.4 %

Source: Inderes & Enento (consensus)

* Consensus reflects the situation before the profit warning

Annual change in Swedish household borrowing
(source: Statistics Sweden)



Estimate revisions

Estimate revisions MEUR / EUR	2023e			2024e			2025e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
Revenue	158	155	-2%	166	163	-2%	174	171	-2%
EBITDA	54.3	52.8	-3%	61.8	59.8	-3%	65.8	64.2	-2%
EBIT (exc. NRIs)	47.1	45.6	-3%	50.2	48.2	-4%	54.7	53.0	-3%
EBIT	33.7	32.3	-4%	40.2	38.2	-5%	45.2	43.5	-4%
PTP	27.0	25.6	-5%	33.7	31.7	-6%	39.1	37.5	-4%
EPS (excl. NRIs)	1.22	1.17	-4%	1.44	1.38	-5%	1.59	1.54	-3%
DPS	1.00	1.00	0%	1.05	1.05	0%	1.10	1.10	0%

Source: Inderes

Valuation

Multiples at neutral level

Given the stable and mature stage of Enento's business, we prefer to use earnings-based adjusted EV/EBIT and P/E multiples for valuation purposes. Of these, we particularly favor the EV/EBIT multiple, as this takes into account Enento's significant net debt in the valuation. The P/E ratio is also worth looking at, as it considers the bottom lines of the income statement, especially now that financial costs have risen significantly.

We forecast Enento's adjusted P/E ratios for 2023-2024 to be 16x-13x and the corresponding adjusted EV/EBIT multiples to be 13x-12x. Enento's median adjusted P/E ratio over the past five years is 26x and EV/EBIT is 19x, compared to which the current valuation is at a clear discount. However, we do not see the stock reaching historical valuation levels, especially in the current interest rate environment.

In addition to the change in the interest rate environment, we estimate that earnings growth expectations have moderated over the past few years due to a slower-than-expected organic growth outlook and slower-than-expected development of the Nordic technology platform. Moreover, with the profit warning, the market outlook deteriorated further, and no significant relief can be foreseen in the short term. As a result, we expect earnings growth to move in the wrong direction in the coming quarters, and thus we believe it is justified to price the stock at lower multiples than before. When the market outlook shows signs of improvement and Enento returns to earnings growth, we believe that the valuation multiples accepted by the market have slight upside potential. Overall, we consider Enento's current multiple-based valuation to be broadly neutral in the

current environment.

DCF model shows clear upside potential

We also rely on the DCF calculation, which is very useful due to Enento's highly predictable cash flows. Our DCF model give the stock a value of EUR 23.7, which would indicate clear upside potential for the stock. We have increased the cost of equity in our model to 9.0% (was 8.8%), reflecting further increases in interest rates and a slight increase in the risk profile of the company's business.

Expected return exceeds required return - risk/return ratio attractive

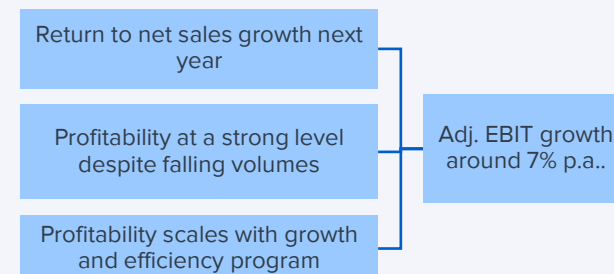
In our view, the expected return on Enento's share is based on organic earnings growth and a strong dividend yield. We forecast the company's adjusted EBIT to grow by around 7% per annum in the coming years. In our estimates, the dividend yield for the next years will be around 5-6%. Thanks to a stable and profitable business, Enento's dividend is also on a very solid footing. In the current market environment, we do not see significant upside potential in the valuation multiples, which we consider to be at neutral levels.

Overall, Enento's stock offers an expected return clearly above 10% for the next few years, well above the required return we have set for the stock. We consider the risk/return ratio of the stock to be attractive. However, with the apathy of Nasdaq Helsinki, there are plenty of other affordable things to buy on the market. Thus, we do not consider the current situation as an exceptionally good place to buy Enento's stock but remain waiting for a better risk/return ratio to take a stronger view on the stock.

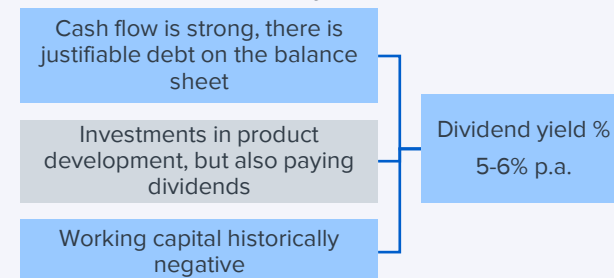
TSR drivers 2023-2026e

■ Positive ■ Neutral ■ Negative

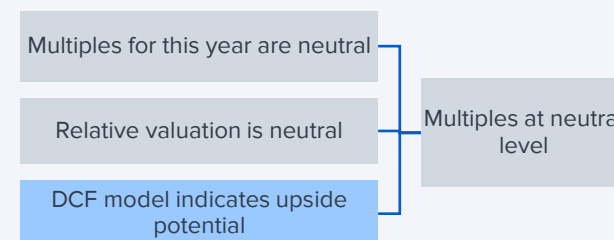
Profit drivers



Dividend yield drivers



Valuation multiple drivers

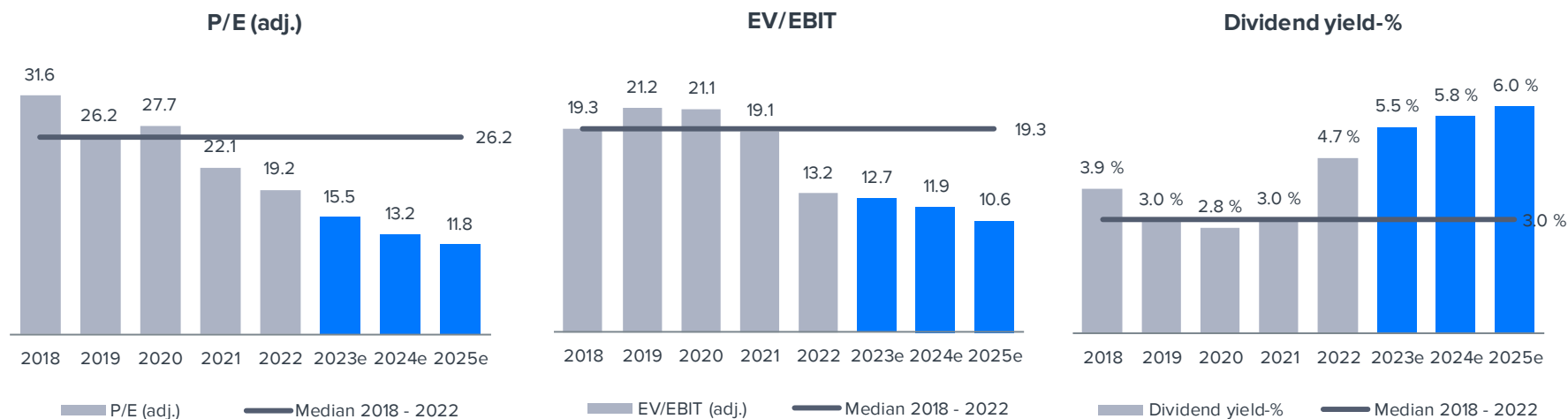


Share's expected total return > 10% p.a.

Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	24.6	31.5	33.6	33.0	21.4	18.2	18.2	18.2	18.2
Number of shares, millions	19.5	24.0	24.0	24.0	24.0	23.8	23.8	23.8	23.8
Market cap	480	756	807	793	514	434	434	434	434
EV	617	904	950	935	646	580	572	562	550
P/E (adj.)	31.6	26.2	27.7	22.1	19.2	15.5	13.2	11.8	11.0
P/E	44.0	38.3	41.5	30.7	29.6	21.4	17.2	14.7	13.3
P/FCF	neg.	35.2	36.6	25.0	9.8	17.4	11.6	10.9	10.2
P/B	1.5	2.4	2.6	2.5	1.7	1.5	1.5	1.5	1.4
P/S	4.9	5.2	5.3	4.9	3.1	2.8	2.7	2.5	2.4
EV/Sales	6.3	6.2	6.3	5.7	3.9	3.7	3.5	3.3	3.1
EV/EBITDA	23.1	18.7	19.3	16.1	11.6	11.0	9.6	8.8	8.1
EV/EBIT (adj.)	19.3	21.2	21.1	19.1	13.2	12.7	11.9	10.6	9.8
Payout ratio (%)	169.9 %	115.6 %	117.3 %	92.9 %	138.5 %	117.2 %	99.3 %	88.9 %	84.2 %
Dividend yield-%	3.9 %	3.0 %	2.8 %	3.0 %	4.7 %	5.5 %	5.8 %	6.0 %	6.3 %

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	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Dun & Bradstreet	4019	7238	9.8	9.9	8.5	8.0	3.3	3.2	9.8	8.8	2.1	2.2	1.2
Fair Isaac Corp	20964	22639	33.4	29.0	31.2	27.3	15.7	14.2	44.0	37.1			
Equifax Inc	21587	26825	24.2	18.9	16.1	13.5	5.3	4.8	26.8	21.2	0.8	0.9	5.1
Experian Plc	29089	32774	20.3	18.3	14.9	14.1	5.2	4.9	24.9	23.1	1.8	1.7	7.0
TransUnion	12946	17804	24.5	18.8	13.4	11.9	4.9	4.5	19.8	16.7	0.6	0.7	2.9
Moody's Corp	55398	60109	26.5	22.6	23.8	20.5	10.7	9.7	31.6	27.9	1.0	1.0	16.4
Intrum AB	686	6038	12.8	10.9	8.8	8.0	3.5	3.4	4.6	3.8		3.8	0.4
Credit Corp Group Ltd	725	892	10.5	9.5	9.7	8.7	3.1	2.9	13.1	12.4	3.8	4.1	1.5
Kruk S.A.	1751	2623	10.1	9.1	9.3	8.4	4.9	4.5	9.1	8.1	3.8	3.7	2.2
Alma Media	745	880	12.6	12.2	10.1	9.9	2.9	2.8	14.4	14.3	5.1	5.3	3.2
F-Secure	311	488	12.0	9.8	13.3	9.1	3.8	3.3	9.8	10.1	3.9	4.5	6.8
Enento Group (Inderes)	434	580	12.7	11.9	11.0	9.6	3.7	3.5	15.5	13.2	5.5	5.8	1.5
Average			17.9	15.4	14.5	12.7	5.8	5.3	18.9	16.7	2.6	2.8	4.7
Median			12.8	12.2	13.3	9.9	4.9	4.5	14.4	14.3	2.1	2.9	3.0
Diff-% to median			-1%	-3%	-17%	-3%	-23%	-22%	8%	-7%	165%	98%	-51%

Source: Refinitiv / Inderes

Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	164	40.7	43.4	40.5	42.9	168	40.0	39.7	35.9	39.5	155	163	171	179
Business Insight	91.6	22.6	24.0	21.5	24.0	92.1	22.4	22.8	19.9	22.9	88.0	92.5	97.1	102
Consumer Insight	71.9	18.1	19.4	19.0	19.0	75.4	17.6	16.8	16.0	16.7	67.1	70.1	73.8	77.1
Adjusted EBITDA	59.1	13.5	15.5	16.2	16.0	61.2	14.7	14.5	13.8	13.5	56.5	60.2	64.6	68.5
EBITDA	58.0	13.2	15.4	16.1	10.8	55.6	12.1	13.7	13.6	13.3	52.8	59.8	64.2	68.1
Depreciation	-22.7	-7.1	-5.8	-5.6	-11.3	-29.8	-5.2	-5.1	-5.2	-5.2	-20.6	-21.6	-20.6	-21.1
EBIT (excl. NRI)	49.0	9.5	12.8	13.6	13.3	49.1	12.0	11.8	11.1	10.8	45.6	48.2	53.0	55.9
EBIT	35.2	6.1	9.7	10.5	-0.5	25.8	6.9	8.7	8.5	8.2	32.3	38.2	43.5	46.9
Group	35.2	6.1	9.7	10.5	-0.5	25.8	6.9	8.7	0.0	0.0	15.6	0.0	0.0	0.0
Share of profits in assoc. compan.	-0.4	-0.2	-0.2	-0.2	-0.3	-0.9	-0.3	-0.2	-0.3	-0.3	-1.0	-1.0	-1.0	-1.0
Net financial items	-2.2	-0.5	1.9	-2.8	-1.3	-2.7	-1.3	-1.4	-1.4	-1.6	-5.7	-5.5	-5.0	-4.5
PTP	32.7	5.4	11.3	7.5	-2.2	22.1	5.3	7.1	6.8	6.3	25.6	31.7	37.5	41.4
Taxes	-6.8	-1.1	-1.9	-2.1	0.3	-4.8	-1.1	-1.5	-1.4	-1.3	-5.3	-6.6	-8.1	-8.9
Net earnings	25.9	4.3	9.5	5.4	-1.9	17.4	4.3	5.6	5.4	5.0	20.3	25.2	29.4	32.5
EPS (adj.)	1.49	0.28	0.49	0.32	0.02	1.11	0.26	0.31	0.31	0.29	1.17	1.38	1.54	1.65
EPS (rep.)	1.08	0.18	0.39	0.23	-0.08	0.72	0.18	0.24	0.23	0.21	0.85	1.06	1.24	1.37
Key figures	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	8.1 %	2.6 %	3.1 %	4.9 %	-0.4 %	2.5 %	-1.7 %	-8.7 %	-11.3 %	-7.9 %	-7.4 %	4.9 %	5.1 %	4.5 %
Adjusted EBIT growth-%	9.1 %	-17.8 %	-5.1 %	13.9 %	9.5 %	0.2 %	26.6 %	-7.8 %	-18.7 %	-18.6 %	-7.1 %	5.7 %	10.0 %	5.5 %
EBITDA-%	35.5 %	32.5 %	35.5 %	39.8 %	25.2 %	33.2 %	30.4 %	34.7 %	37.9 %	33.8 %	34.1 %	36.8 %	37.5 %	38.1 %
Adjusted EBTIDA-%	36.2 %	33.3 %	35.7 %	40.1 %	37.1 %	36.6 %	36.9 %	36.5 %	38.3 %	34.1 %	36.4 %	37.0 %	37.8 %	38.3 %
Adjusted EBIT-%	30.0 %	23.3 %	29.5 %	33.5 %	30.9 %	29.3 %	29.9 %	29.8 %	30.8 %	27.3 %	29.4 %	29.7 %	31.0 %	31.3 %
Net earnings-%	15.8 %	10.6 %	21.8 %	13.4 %	-4.3 %	10.4 %	10.7 %	14.2 %	15.0 %	12.7 %	13.1 %	15.5 %	17.2 %	18.2 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	492	449	443	437	431
Goodwill	355	341	341	341	341
Intangible assets	125	98.0	92.4	85.8	80.6
Tangible assets	8.9	6.1	6.1	6.1	6.3
Associated companies	3.4	3.9	3.9	3.9	3.9
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.1	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	52.2	50.3	45.0	48.8	53.0
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	26.9	29.5	26.4	27.6	29.1
Cash and equivalents	25.3	20.8	18.6	21.1	23.9
Balance sheet total	544	499	488	485	484

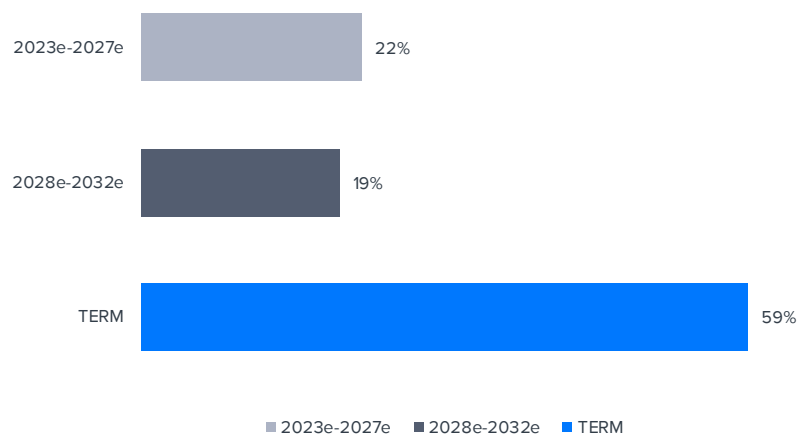
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	316	295	291	292	297
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	18.1	38.3	34.6	36.0	40.4
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	298	256	256	256	256
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	191	169	160	156	151
Deferred tax liabilities	22.7	18.0	16.0	16.0	16.0
Provisions	0.0	0.1	0.0	0.0	0.0
Interest bearing debt	165	151	144	140	135
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	3.7	0.0	0.0	0.0	0.0
Current liabilities	36.4	34.9	37.0	36.9	36.9
Interest bearing debt	2.3	1.4	6.0	4.3	2.7
Payables	34.1	33.5	31.0	32.5	34.2
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	544	499	488	485	484

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	2.5 %	-7.4 %	4.9 %	5.1%	4.5 %	4.3 %	4.2 %	4.1 %	3.9 %	3.7 %	2.2 %	2.2 %
EBIT-%	15.4 %	20.8 %	23.5 %	25.5 %	26.3 %	27.9 %	28.7 %	29.0 %	29.0 %	29.0 %	29.0 %	29.0 %
EBIT (operating profit)	25.8	32.3	38.2	43.5	46.9	52.0	55.7	58.6	60.9	63.1	64.5	
+ Depreciation	29.8	20.6	21.6	20.6	21.1	21.2	20.5	19.1	18.8	17.2	17.1	
- Paid taxes	-9.5	-7.3	-6.6	-8.1	-8.9	-10.1	-11.0	-11.6	-12.1	-12.5	-12.9	
- Tax, financial expenses	-0.6	-1.1	-1.1	-1.1	-0.9	-0.8	-0.7	-0.7	-0.7	-0.7	-0.6	
+ 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	-3.2	0.7	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	
Operating cash flow	42.4	45.1	52.4	55.3	58.5	62.4	64.7	65.7	67.1	67.3	68.2	
+ Change in other long-term liabilities	-3.6	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	13.6	-15.0	-15.0	-15.5	-16.0	-16.4	-16.6	-16.8	-17.0	-17.0	-17.0	
Free operating cash flow	52.3	30.0	37.4	39.8	42.5	46.0	48.1	48.9	50.1	50.3	51.2	
+/- Other	0.0	-5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	52.3	25.0	37.4	39.8	42.5	46.0	48.1	48.9	50.1	50.3	51.2	890
Discounted FCFF		24.5	34.0	33.4	33.1	33.2	32.0	30.1	28.6	26.6	25.0	435
Sum of FCFF present value		735	711	677	643	610	577	545	515	486	460	435
Enterprise value DCF		735										
- Interest bearing debt		-152.6										
+ Cash and cash equivalents		20.8										
-Minorities		0.0										
-Dividend/capital return		-24.0										
Equity value DCF		564										
Equity value DCF per share		23.7										

Cash flow distribution



WACC

Tax-% (WACC)	21.0 %
Target debt ratio (D/(D+E))	18.0 %
Cost of debt	5.0 %
Equity Beta	1.05
Market risk premium	4.75%
Liquidity premium	1.50%
Risk free interest rate	2.5 %
Cost of equity	9.0 %
Weighted average cost of capital (WACC)	8.1 %

Source: Inderes

Summary

Income statement	2021	2022	2023e	2024e	2025e	Per share data	2021	2022	2023e	2024e	2025e
Revenue	163.5	167.5	155.1	162.6	170.9	EPS (reported)	1.08	0.72	0.85	1.06	1.24
EBITDA	58.0	55.6	52.8	59.8	64.2	EPS (adj.)	1.49	1.11	1.17	1.38	1.54
EBIT	35.2	25.8	32.3	38.2	43.5	OCF / share	1.94	1.76	1.89	2.20	2.32
PTP	32.7	22.1	25.6	31.7	37.5	FCF / share	1.32	2.18	1.05	1.57	1.67
Net Income	25.9	17.4	20.3	25.2	29.4	Book value / share	13.16	12.27	12.23	12.29	12.48
Extraordinary items	-13.8	-3.4	-3.1	-3.0	-13.8	Dividend / share	1.00	1.00	1.00	1.05	1.10
Balance sheet	2021	2022	2023e	2024e	2025e	Growth and profitability	2021	2022	2023e	2024e	2025e
Balance sheet total	543.8	499.1	488.2	485.4	484.5	Revenue growth-%	8%	2%	-7%	5%	5%
Equity capital	316.4	294.9	291.1	292.5	296.9	EBITDA growth-%	18%	-4%	-5%	13%	7%
Goodwill	354.6	340.7	340.7	340.7	340.7	EBIT (adj.) growth-%	9%	0%	-7%	6%	10%
Net debt	141.6	131.8	131.4	123.2	113.4	EPS (adj.) growth-%	23%	-25%	5%	17%	12%
Cash flow	2021	2022	2023e	2024e	2025e	EBITDA-%	35.5 %	33.2 %	34.1 %	36.8 %	37.5 %
EBITDA	58.0	55.6	52.8	59.8	64.2	EBIT (adj.)-%	30.0 %	29.3 %	29.4 %	29.7 %	31.0 %
Change in working capital	-4.2	-3.2	0.7	0.2	0.2	EBIT-%	21.6 %	15.4 %	20.8 %	23.5 %	25.5 %
Operating cash flow	46.5	42.4	45.1	52.4	55.3	ROE-%	8.2 %	5.7 %	6.9 %	8.6 %	10.0 %
CAPEX	-10.1	13.6	-15.0	-15.0	-15.5	ROI-%	7.2 %	5.3 %	7.0 %	8.5 %	9.8 %
Free cash flow	31.7	52.3	30.0	37.4	39.8	Equity ratio	59.4 %	60.3 %	59.6 %	60.3 %	61.3 %
						Gearing	44.7 %	44.7 %	45.1 %	42.1 %	38.2 %
Valuation multiples	2021	2022	2023e	2024e	2025e						
EV/S	5.7	3.9	3.7	3.5	3.3						
EV/EBITDA (adj.)	16.1	11.6	11.0	9.6	8.8						
EV/EBIT (adj.)	19.1	13.2	12.7	11.9	10.6						
P/E (adj.)	22.1	19.2	15.5	13.2	11.8						
P/B	2.5	1.7	1.5	1.5	1.5						
Dividend-%	3.0 %	4.7 %	5.5 %	5.8 %	6.0 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
9/1/2023	Accumulate	24.50 €	23.15 €
10/11/2023	Accumulate	21.00 €	18.22 €



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