

# Tietoevry

## Company report

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**Joni Grönqvist**  
+358 40 515 3113  
joni.gronqvist@inderes.fi

This report is a summary translation of the report "Kurssinousu on purkanut selkeimmän aliarvostuksen" published on 1/17/2024 at 9:49 am EET

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# Price rise has reversed the clearest undervaluation

Tietoevry's comments in the analyst call were in line with earlier. Uncertainty remains in a few areas, while the demand for the software business continues as good. Our forecasts include a milder decline in the areas that suffer from the market, and our forecasts for the full year are at the bottom of the guidance. Thus, there is still a slight risk of a profit warning for Q4. On the other hand, we believe the stock market is well aware of this risk. The price increase has reversed the clearest short-term undervaluation (adj. 2024 EV/ EBIT 9x). Thus, we lower our recommendation to Accumulate (was Buy) and reiterate our EUR 25.0 target price.

## Not much new in the analyst call

The analyst call didn't provide any major news. In the Create segment (consulting) uncertainty about project starts and delays continue. In addition, the "extra" sales of the Tech Services business suffer from the uncertain market. On the other hand, the software businesses are still performing well. The FX impact on revenue remains unchanged (estimate -44 MEUR in Q3). We publish a Q4 pre-comment before the company publishes its financial statements report, which the company will exceptionally publish at 9 am EET on February 15.

## There is a slight risk of a profit warning

Tietoevry's guidance is that organic growth will be some 4% and adjusted EBITA % 12.6-13.0% in 2023. Our estimates remain unchanged, and like the consensus we expect the revenue to decrease by 3% (organically +3.6 %) and the EBITA margin to be 12.6% in 2023. Therefore, our forecasts are at the very bottom of the guidance. Our forecasts include a milder drop in revenue for the critical Create and Tech Services segments in Q4 from Q3. Thus, we still see the risk of a slight profit warning, even though we are a few weeks in to 2024.

## Price rise has reversed the clearest undervaluation in the short term

The increase in the share price (12%) has reversed the clearest undervaluation in the short term. With our forecasts, Tietoevry's adjusted P/E and EV/EBIT ratios for 2024 are 10x and 9x and good 30% below peers. The corresponding reported ratios are 12x and 11x, but almost half of the adjustments are PPA depreciation, which do not affect cash flow and we also adjust these for peers. In our view, the absolute valuation of the share is modest and the relative valuation is still very attractive. The expected return on the share also rises to an attractive level of nearly 15% on the back of 7% earnings growth and a 7% dividend yield alone. However, in the short term, market uncertainty and the new risk of a slight profit warning keep us more cautious, even though we suspect the market has already largely priced the profit warning risk. The sum-of-the-parts calculation (EUR 26) clearly indicates a higher than current value and is a relevant way to look at valuation when the company is to be split into three parts. The DCF calculation (EUR 30) in turn indicates a clear upside in the longer term.

## Possible information on Banking business' separation in connection with the Q4 report

We believe the strategic assessments of the operations to be separated progressed as planned in Q3 and the timetables are unchanged. Thus, as expected there are clear drivers to reverse the undervaluation in 2024. We expect some information from the company on the separation of the Banking business in connection with the Q4 report, as the company has stated that it seeks conclusions in early 2024, after which it will proceed to implementation. It is unlikely that new information on Tech Service's strategic assessment will be provided yet.

## Recommendation

**Accumulate**  
(previous Buy)

**EUR 25.00**  
(previous EUR 25.00)

**Share price:**  
21.86



## Key figures

	2022	2023e	2024e	2025e
<b>Revenue</b>	2928	2849	2912	2983
<b>growth-%</b>	3.7 %	-2.7 %	2.2 %	2.4 %
<b>EBIT adj.</b>	379	360	375	396
<b>EBIT-% adj.</b>	12.9 %	12.6 %	12.9 %	13.3 %
<b>Net Income</b>	188	179	213	217
<b>EPS (adj.)</b>	2.35	2.19	2.27	2.43

<b>P/E (adj.)</b>	11.3	10.0	9.6	9.0
<b>P/B</b>	1.8	1.5	1.5	1.5
<b>Dividend yield-%</b>	5.5 %	6.9 %	7.1 %	7.3 %
<b>EV/EBIT (adj.)</b>	10.2	9.8	9.2	8.4
<b>EV/EBITDA</b>	9.0	8.6	7.6	7.3
<b>EV/S</b>	1.3	1.2	1.2	1.1

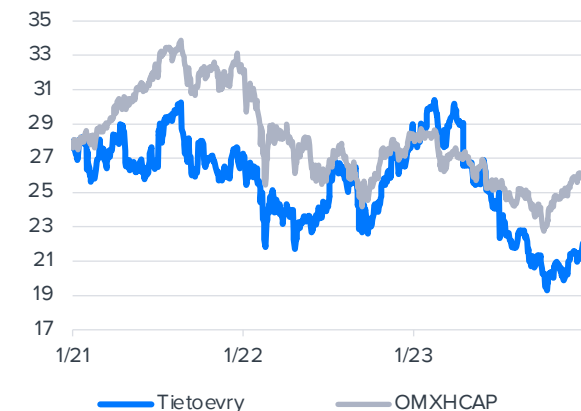
Source: Inderes

## Guidance

(Unchanged)

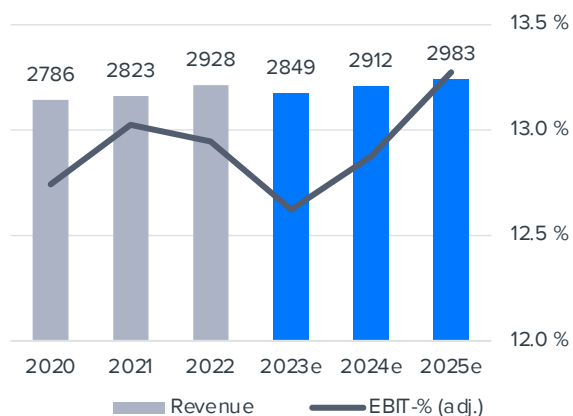
Tietoevry expects organic growth of some 4% and an adjusted EBITA margin of 12.6-13.0 % in 2023.

## Share price



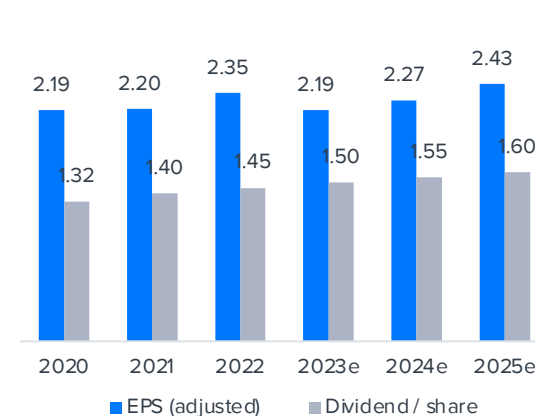
Source: Millstream Market Data AB

## Revenue and EBIT-%



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- Strengthened growth outlook
- Increase in the share of highly profitable software product business
- Growing share of new modern IT services
- Acquisitions and divestments of non-strategic businesses
- Business separation



## Risk factors

- Decline in competitive position among large customers
- Continuous transformation creates a constant need for restructuring
- Accelerating wage inflation, high employee revenue and a failure in talent competition

Valuation	2023e	2024e	2025e
Share price	21.9	21.9	21.9
Number of shares, millions	118.4	118.4	118.4
Market cap	2589	2589	2589
EV	3532	3437	3339
P/E (adj.)	10.0	9.6	9.0
P/E	14.5	12.1	11.9
P/B	1.5	1.5	1.5
P/S	0.9	0.9	0.9
EV/Sales	1.2	1.2	1.1
EV/EBITDA	8.6	7.6	7.3
EV/EBIT (adj.)	9.8	9.2	8.4
Payout ratio (%)	99.3 %	86.0 %	87.2 %
Dividend yield-%	6.9 %	7.1 %	7.3 %

Source: Inderes

# Our estimates remain unchanged

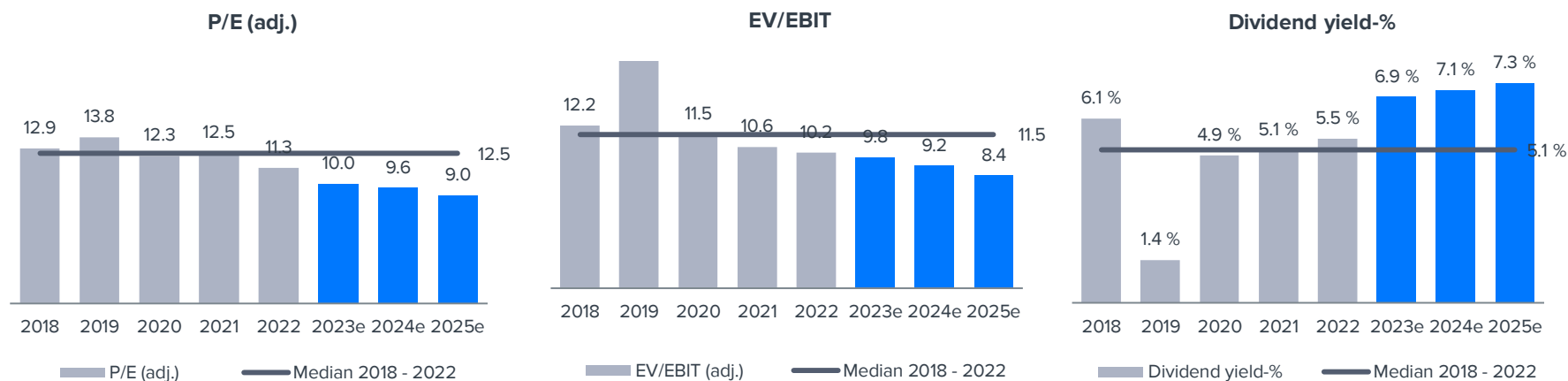
<b>Estimate revisions</b>	<b>2023e</b>	<b>2023e</b>	<b>Change</b>	<b>2024e</b>	<b>2024e</b>	<b>Change</b>	<b>2025e</b>	<b>2025e</b>	<b>Change</b>
<b>MEUR / EUR</b>	<b>Old</b>	<b>New</b>	<b>%</b>	<b>Old</b>	<b>New</b>	<b>%</b>	<b>Old</b>	<b>New</b>	<b>%</b>
<b>Revenue</b>	2849	2849	0%	2912	2912	0%	2983	2983	0%
<b>EBITDA</b>	409	409	0%	453	453	0%	459	459	0%
<b>EBIT (exc. NRIs)</b>	360	360	0%	375	375	0%	396	396	0%
<b>EBIT</b>	258	258	0%	304	304	0%	306	306	0%
<b>PTP</b>	228	228	0%	270	270	0%	275	275	0%
<b>EPS (excl. NRIs)</b>	2.19	2.19	0%	2.27	2.27	0%	2.43	2.43	0%
<b>DPS</b>	1.50	1.50	0%	1.55	1.55	0%	1.60	1.60	0%

Source: Inderes

# Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	23.6	27.7	26.9	27.5	26.5	21.9	21.9	21.9	21.9
Number of shares, millions	73.8	67.9	118.4	118.4	118.4	118.4	118.4	118.4	118.4
Market cap	1741	3283	3181	3254	3140	2589	2589	2589	2589
EV	2045	4067	4097	3900	3851	3532	3437	3339	3223
P/E (adj.)	12.9	13.8	12.3	12.5	11.3	10.0	9.6	9.0	8.3
P/E	14.1	23.8	33.7	11.2	16.7	14.5	12.1	11.9	10.8
P/B	3.6	1.9	2.0	1.8	1.8	1.5	1.5	1.5	1.4
P/S	1.1	1.9	1.1	1.2	1.1	0.9	0.9	0.9	0.8
EV/Sales	1.3	2.3	1.5	1.4	1.3	1.2	1.2	1.1	1.1
EV/EBITDA	9.8	17.7	12.7	7.1	9.0	8.6	7.6	7.3	6.6
EV/EBIT (adj.)	12.2	20.7	11.5	10.6	10.2	9.8	9.2	8.4	7.6
Payout ratio (%)	86.9 %	59.5 %	165.4 %	56.9 %	91.1 %	99.3 %	86.0 %	87.2 %	81.6 %
Dividend yield-%	6.1 %	1.4 %	4.9 %	5.1 %	5.5 %	6.9 %	7.1 %	7.3 %	7.5 %

Source: Inderes



# Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%	
			2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e
Digia*	147	174	9.3	7.9	7.6	6.6	0.9	0.8	10.5	9.4	3.5	3.8
Digital Workforce*	42	27	27.4	9.6	22.7	8.8	1.0	0.8	49.9	19.7		
Gofore*	335	296	11.2	8.5	10.2	7.9	1.5	1.2	15.9	13.1	2.3	2.7
Loihde*	68	54	11.9	8.6	4.7	3.9	0.4	0.4	17.2	13.5	2.7	2.9
Innofactor*	43	50	8.1	7.0	5.6	4.9	0.6	0.6	9.7	8.5	6.8	7.6
Netum Group*	33	41	9.7	8.2	8.6	7.4	0.9	0.8	10.0	8.8	5.0	5.8
Silli Solutions*	77	74	8.3	7.2	6.0	5.3	0.6	0.5	12.3	11.0	3.2	3.7
Solteq*	15	37	13.1	10.0	3.6	4.4	0.7	0.6	26.2	13.3		
Vincit*	53	41	7.7	5.1	6.7	4.6	0.4	0.4	13.3	9.1	4.7	6.3
Witted Megacorp*	30	23	14.2	6.0	13.9	5.9	0.4	0.3	22.6	10.4		
Bouvet	571	606	15.9	14.0	13.2	11.8	1.7	1.6	19.2	17.0	4.7	5.6
CombinedX	55	53	6.9	6.0	5.0	4.7	0.7	0.7	9.5	8.3		
Knowit	340	441	14.2	10.9	7.1	6.2	0.7	0.7	15.8	11.5	4.6	5.2
Avensia AB	32	33	10.2	7.3	7.6	6.1	0.9	0.8	12.1	9.6	3.1	5.2
Netcompany Group	1505	1838	17.1	13.9	12.5	10.8	2.1	1.9	18.3	15.4		
Wipro	28429	26169	17.6	15.7	14.3	13.0	2.6	2.5	23.8	21.0	1.2	2.0
Tata Consultancy	155615	151755	23.0	20.7	21.3	19.1	5.7	5.2	30.8	27.7	1.9	2.6
Atos SE	460	3811	7.8	7.9	4.0	3.4	0.4	0.4	1.6	1.2		1.8
Capgemini SE	33598	37603	12.9	11.7	10.3	9.3	1.6	1.5	16.0	14.5	1.8	2.0
IBM	138258	178664	17.9	16.9	12.6	12.1	3.1	2.9	16.7	15.7	4.0	4.0
Accenture	216994	211308	22.5	20.7	18.6	17.0	3.5	3.3	29.1	26.6	1.4	1.5
<b>Tietoenvy (Inderes)</b>	<b>2589</b>	<b>3532</b>	<b>9.2</b>	<b>8.4</b>	<b>7.6</b>	<b>7.3</b>	<b>1.2</b>	<b>1.1</b>	<b>9.6</b>	<b>9.0</b>	<b>7.1</b>	<b>7.3</b>
<b>Average</b>			<b>13.7</b>	<b>10.7</b>	<b>10.3</b>	<b>8.2</b>	<b>1.4</b>	<b>1.3</b>	<b>18.1</b>	<b>13.6</b>	<b>3.4</b>	<b>3.9</b>
<b>Median (all)</b>			<b>12.9</b>	<b>8.6</b>	<b>8.6</b>	<b>6.6</b>	<b>0.9</b>	<b>0.8</b>	<b>16.0</b>	<b>13.1</b>	<b>3.2</b>	<b>3.8</b>
<i>Diff-% to median</i>			-29%	-2%	-12%	11%	37%	44%	-40%	-31%	124%	95%
<b>Median Finnish companies</b>			<b>10.4</b>	<b>8.0</b>	<b>7.1</b>	<b>5.6</b>	<b>0.6</b>	<b>0.6</b>	<b>14.6</b>	<b>10.7</b>	<b>3.5</b>	<b>3.8</b>
<i>Diff-% to median</i>			-12%	5%	6%	31%	83%	91%	-34%	-16%	106%	92%
<b>Median international companies</b>			<b>15.9</b>	<b>13.9</b>	<b>12.5</b>	<b>10.8</b>	<b>1.7</b>	<b>1.6</b>	<b>16.7</b>	<b>15.4</b>	<b>2.5</b>	<b>2.6</b>
<i>Diff-% to median</i>			-42%	-39%	-39%	-33%	-32%	-29%	-43%	-42%	183%	179%

Source: Refinitiv / \*Inderes' adjusted estimate. NB! Market cap used by Inderes does not consider own shares held by the company.

# Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	2024e	2025e	2026e
<b>Revenue</b>	<b>2823</b>	<b>731</b>	<b>739</b>	<b>690</b>	<b>768</b>	<b>2928</b>	<b>744</b>	<b>695</b>	<b>660</b>	<b>750</b>	<b>2849</b>	<b>2912</b>	<b>2983</b>	<b>3064</b>
Tietoevry Create		188	188	172	207	849	223	205	196	218	840	836	861	904
Tietoevry Banking		114	120	112	130	571	142	140	135	160	577	629	679	727
Tietoevry Care		54.4	61.5	48.9	57.1	231	62.8	59.1	52.3	63.0	237	244	256	274
Tietoevry Industry		82.9	78.5	67.4	74.6	273	68.7	63.8	61.4	67.6	261	277	293	311
Tietoevry Tech Services		121	119	105	122	1171	289	266	243	277	1075	1053	1011	961
Eliminations		-76	-77	-73	-83	-167	-41	-38	-28	-35	-142	-127	-118	-112
<b>EBITDA</b>	<b>552</b>	<b>88.3</b>	<b>81.3</b>	<b>117</b>	<b>142</b>	<b>429</b>	<b>107</b>	<b>80</b>	<b>98.1</b>	<b>124</b>	<b>409</b>	<b>453</b>	<b>459</b>	<b>485</b>
Depreciation	-170.0	-42	-42	-40	-39	-162	-39	-39	-36	-37	-151	-149	-153	-154
<b>EBIT (excl. NRI)</b>	<b>368</b>	<b>85</b>	<b>79</b>	<b>98</b>	<b>118</b>	<b>379</b>	<b>92</b>	<b>73</b>	<b>86</b>	<b>109</b>	<b>360</b>	<b>375</b>	<b>396</b>	<b>422</b>
<b>EBIT</b>	<b>382</b>	<b>46</b>	<b>40</b>	<b>78</b>	<b>103</b>	<b>266</b>	<b>69</b>	<b>41</b>	<b>62</b>	<b>87</b>	<b>258</b>	<b>304</b>	<b>306</b>	<b>331</b>
Group items and NRIs	14.2	-39	-39	-20	-15	-113	-23	-32	-24	-23	-102	-71	-90	-91
Net financial items	-28.2	-4	-9	-2	-8	-24	-6	-7	-8	-9	-30	-34	-31	-28
<b>PTP</b>	<b>354</b>	<b>42</b>	<b>30</b>	<b>75</b>	<b>95</b>	<b>243</b>	<b>62</b>	<b>35</b>	<b>53</b>	<b>78</b>	<b>228</b>	<b>270</b>	<b>275</b>	<b>303</b>
Taxes	-62.2	-9	-9	-16	-21	-54	-14	-7	-12	-16	-49	-57	-58	-64
<b>Net earnings</b>	<b>292</b>	<b>33</b>	<b>22</b>	<b>59</b>	<b>75</b>	<b>188</b>	<b>48</b>	<b>27</b>	<b>41</b>	<b>62</b>	<b>179</b>	<b>213</b>	<b>217</b>	<b>239</b>
<b>EPS (adj.)</b>	<b>2.20</b>	<b>0.54</b>	<b>0.45</b>	<b>0.63</b>	<b>0.73</b>	<b>2.35</b>	<b>0.56</b>	<b>0.44</b>	<b>0.51</b>	<b>0.67</b>	<b>2.19</b>	<b>2.27</b>	<b>2.43</b>	<b>2.63</b>
<b>EPS (rep.)</b>	<b>2.46</b>	<b>0.28</b>	<b>0.18</b>	<b>0.50</b>	<b>0.63</b>	<b>1.59</b>	<b>0.41</b>	<b>0.23</b>	<b>0.35</b>	<b>0.52</b>	<b>1.51</b>	<b>1.80</b>	<b>1.83</b>	<b>2.02</b>

Key figures	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	2024e	2025e	2026e
<b>Revenue growth-%</b>	1.3 %	2.7 %	2.4 %	6.5 %	3.5 %	3.7 %	1.8 %	-6.0 %	-4.4 %	-2.4 %	-2.7 %	2.2 %	2.4 %	2.7 %
<b>Adjusted EBIT growth-%</b>	3.6 %	3.0 %	-10.6 %	3.9 %	14.0 %	3.1 %	8.5 %	-7.6 %	-12.5 %	-7.2 %	-5.1 %	4.3 %	5.6 %	6.7 %
<b>EBITDA-%</b>	19.6 %	12.1 %	11.0 %	17.0 %	18.4 %	14.6 %	14.4 %	11.5 %	14.9 %	16.5 %	14.4 %	15.6 %	15.4 %	15.8 %
<b>Adjusted EBIT-%</b>	13.0 %	11.6 %	10.7 %	14.2 %	15.3 %	12.9 %	12.3 %	10.5 %	13.0 %	14.6 %	12.6 %	12.9 %	13.3 %	13.8 %
<b>Net earnings-%</b>	10.3 %	4.5 %	3.0 %	8.6 %	9.7 %	6.4 %	6.5 %	3.9 %	6.3 %	8.2 %	6.3 %	7.3 %	7.3 %	7.8 %

Source: Inderes

# Balance sheet

Assets	2021	2022	2023e	2024e	2025e
<b>Non-current assets</b>	<b>2713</b>	<b>2565</b>	<b>2702</b>	<b>2672</b>	<b>2638</b>
Goodwill	1944	1847	1985	1985	1985
Intangible assets	388	337	331	286	241
Tangible assets	280	299	310	325	336
Associated companies	16.7	14.2	14.2	14.2	14.2
Other investments	17.0	16.2	10.0	10.0	10.0
Other non-current assets	38.1	20.6	20.6	20.6	20.6
Deferred tax assets	29.9	31.4	31.4	31.4	31.4
<b>Current assets</b>	<b>874</b>	<b>829</b>	<b>845</b>	<b>766</b>	<b>769</b>
Inventories	7.2	5.6	0.0	0.0	0.0
Other current assets	23.3	23.6	23.6	23.6	23.6
Receivables	520	550	655	641	626
Cash and equivalents	324	250	166	102	119
<b>Balance sheet total</b>	<b>3587</b>	<b>3394</b>	<b>3547</b>	<b>3438</b>	<b>3407</b>

Source: Inderes

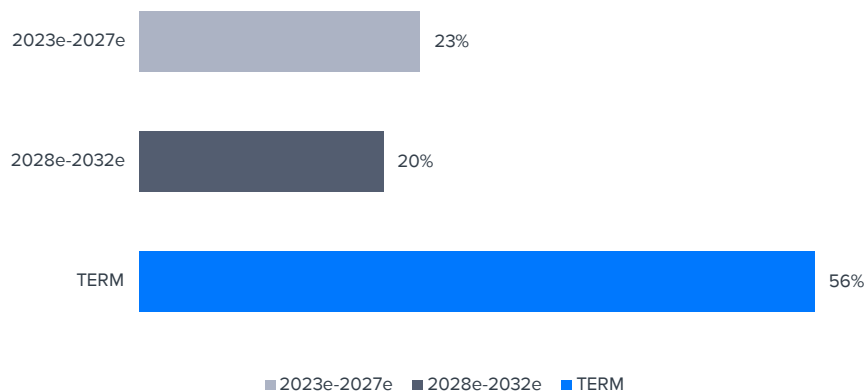
Liabilities & equity	2021	2022	2023e	2024e	2025e
<b>Equity</b>	<b>1821</b>	<b>1719</b>	<b>1686</b>	<b>1722</b>	<b>1756</b>
Share capital	118	116	75.8	75.8	75.8
Retained earnings	500	400	407	443	477
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	1204	1204	1204	1204	1204
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>999</b>	<b>891</b>	<b>806</b>	<b>746</b>	<b>711</b>
Deferred tax liabilities	27.6	24.6	24.6	24.6	24.6
Provisions	22.4	21.7	21.7	21.7	21.7
Interest bearing debt	876	795	710	650	616
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	73.4	49.4	49.4	49.4	49.4
<b>Current liabilities</b>	<b>767</b>	<b>783</b>	<b>1055</b>	<b>970</b>	<b>940</b>
Interest bearing debt	94.0	165	400	300	254
Payables	673	619	655	670	686
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>3587</b>	<b>3394</b>	<b>3547</b>	<b>3438</b>	<b>3407</b>



# DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	3.7 %	-2.7 %	2.2 %	2.4 %	2.7 %	4.0 %	3.0 %	3.0 %	2.5 %	2.5 %	1.5 %	1.5 %
EBIT-%	9.1 %	9.1 %	10.4 %	10.3 %	10.8 %	11.0 %	11.0 %	11.0 %	10.0 %	10.0 %	10.0 %	10.0 %
<b>EBIT (operating profit)</b>	<b>266</b>	<b>258</b>	<b>304</b>	<b>306</b>	<b>331</b>	<b>351</b>	<b>361</b>	<b>372</b>	<b>347</b>	<b>355</b>	<b>361</b>	
+ Depreciation	162	151	149	153	154	154	154	141	136	133	131	
- Paid taxes	-58.7	-49.4	-56.7	-57.7	-63.7	-68.3	-71.3	-74.3	-69.5	-71.8	-73.5	
- Tax, financial expenses	-5.6	-6.7	-7.3	-6.7	-6.1	-5.5	-4.7	-4.0	-3.5	-2.9	-2.4	
+ Tax, financial income	0.3	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	
- Change in working capital	-83.4	-62.9	29.1	30.5	32.3	3.7	2.9	3.0	2.5	2.6	1.6	
<b>Operating cash flow</b>	<b>281</b>	<b>291</b>	<b>418</b>	<b>425</b>	<b>448</b>	<b>435</b>	<b>442</b>	<b>437</b>	<b>412</b>	<b>416</b>	<b>417</b>	
+ Change in other long-term liabilities	-24.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-14.8	-288.8	-118.1	-119.4	-120.6	-121.9	-123.2	-124.5	-125.8	-127.2	-133.8	
<b>Free operating cash flow</b>	<b>242</b>	<b>1.9</b>	<b>300</b>	<b>306</b>	<b>328</b>	<b>313</b>	<b>319</b>	<b>313</b>	<b>286</b>	<b>289</b>	<b>283</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	242	1.9	300	306	328	313	319	313	286	289	283	4805
<b>Discounted FCFF</b>		<b>1.9</b>	<b>280</b>	<b>266</b>	<b>265</b>	<b>235</b>	<b>223</b>	<b>203</b>	<b>173</b>	<b>162</b>	<b>148</b>	<b>2516</b>
Sum of FCFF present value		4474	4472	4192	3926	3662	3427	3204	3001	2827	2665	2516
<b>Enterprise value DCF</b>		<b>4474</b>										
- Interest bearing debt		-960.0										
+ Cash and cash equivalents		250										
-Minorities		0.0										
-Dividend/capital return		-171.7										
<b>Equity value DCF</b>		<b>3593</b>										
<b>Equity value DCF per share</b>		<b>30.3</b>										

Cash flow distribution



WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	15.0 %
Cost of debt	6.0 %
Equity Beta	1.15
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>8.0 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>7.5 %</b>

Source: Inderes

# Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	2786	2823	2928	<b>2849</b>	<b>2912</b>	EPS (reported)	0.80	2.46	1.59	<b>1.51</b>	<b>1.80</b>
EBITDA	323	552	429	<b>409</b>	<b>453</b>	EPS (adj.)	2.19	2.20	2.35	<b>2.19</b>	<b>2.27</b>
EBIT	147	382	266	<b>258</b>	<b>304</b>	OCF / share	1.93	4.42	2.37	<b>2.45</b>	<b>3.53</b>
PTP	122	354	243	<b>228</b>	<b>270</b>	FCF / share	0.32	3.27	2.04	<b>0.02</b>	<b>2.53</b>
Net Income	95	292	188	<b>179</b>	<b>213</b>	Book value / share	13.73	15.38	14.52	<b>14.24</b>	<b>14.54</b>
Extraordinary items	-208	14	-113	<b>-102</b>	<b>-71</b>	Dividend / share	1.32	1.40	1.45	<b>1.50</b>	<b>1.55</b>
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	3605	3587	3394	<b>3547</b>	<b>3438</b>	Revenue growth-%	61%	1%	4%	<b>-3%</b>	<b>2%</b>
Equity capital	1626	1821	1719	<b>1686</b>	<b>1722</b>	EBITDA growth-%	40%	71%	-22%	<b>-4%</b>	<b>11%</b>
Goodwill	1974	1944	1847	<b>1985</b>	<b>1985</b>	EBIT (adj.) growth-%	81%	4%	3%	<b>-5%</b>	<b>4%</b>
Net debt	916	646	710	<b>944</b>	<b>848</b>	EPS (adj.) growth-%	9%	1%	7%	<b>-7%</b>	<b>4%</b>
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	11.6 %	19.6 %	14.6 %	<b>14.4 %</b>	<b>15.6 %</b>
EBITDA	323	552	429	<b>409</b>	<b>453</b>	EBIT (adj.)-%	12.7 %	13.0 %	12.9 %	<b>12.6 %</b>	<b>12.9 %</b>
Change in working capital	-67	19	-83	<b>-63</b>	<b>29</b>	EBIT-%	5.3 %	13.5 %	9.1 %	<b>9.1 %</b>	<b>10.4 %</b>
Operating cash flow	229	523	281	<b>291</b>	<b>418</b>	ROE-%	5.7 %	16.9 %	10.6 %	<b>10.5 %</b>	<b>12.5 %</b>
CAPEX	14	-111	-15	<b>-289</b>	<b>-118</b>	ROI-%	5.4 %	13.7 %	9.8 %	<b>9.5 %</b>	<b>11.1 %</b>
Free cash flow	38	387	242	<b>2</b>	<b>300</b>	Equity ratio	45.1 %	50.8 %	50.7 %	<b>47.5 %</b>	<b>50.1 %</b>
						Gearing	56.3 %	35.5 %	41.3 %	<b>56.0 %</b>	<b>49.2 %</b>
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	1.5	1.4	1.3	<b>1.2</b>	<b>1.2</b>						
EV/EBITDA (adj.)	12.7	7.1	9.0	<b>8.6</b>	<b>7.6</b>						
EV/EBIT (adj.)	11.5	10.6	10.2	<b>9.8</b>	<b>9.2</b>						
P/E (adj.)	12.3	12.5	11.3	<b>10.0</b>	<b>9.6</b>						
P/B	2.0	1.8	1.8	<b>1.5</b>	<b>1.5</b>						
Dividend-%	4.9 %	5.1 %	5.5 %	<b>6.9 %</b>	<b>7.1 %</b>						

Source: Inderes

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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	Share price
4/26/2018	Reduce	29.00 €	29.86 €
7/23/2018	Accumulate	28.00 €	25.96 €
10/25/2018	Reduce	27.00 €	26.30 €
11/29/2018	Reduce	27.00 €	25.70 €
2/7/2019	Reduce	27.00 €	26.70 €
4/26/2019	Reduce	27.00 €	27.50 €
7/22/2019	Accumulate	26.00 €	23.10 €
10/25/2019	Reduce	26.00 €	25.92 €
12/11/2019	Reduce	27.00 €	26.86 €
2/17/2020	Reduce	29.00 €	30.30 €
3/30/2020	Accumulate	21.00 €	18.69 €
4/29/2020	Accumulate	25.00 €	21.94 €
7/27/2020	Accumulate	28.00 €	26.24 €
10/21/2020	Buy	30.00 €	25.90 €
10/28/2020	Buy	30.00 €	22.66 €
2/18/2021	Buy	30.00 €	26.34 €
4/30/2021	Buy	34.00 €	28.98 €
7/21/2021	Buy	34.00 €	28.36 €
10/27/2021	Buy	34.00 €	26.94 €
2/18/2022	Buy	32.00 €	25.70 €
5/6/2022	Buy	31.00 €	22.72 €
7/25/2022	Buy	31.00 €	26.14 €
10/28/2022	Accumulate	28.00 €	24.34 €
12/1/2022	Accumulate	29.00 €	25.92 €
2/16/2023	Accumulate	33.00 €	29.58 €
5/5/2023	Accumulate	31.00 €	26.56 €
7/24/2023	Accumulate	26.00 €	22.34 €
9/20/2023	Accumulate	25.00 €	21.52 €
10/27/2023	Buy	25.00 €	19.51 €
12/17/2024	Accumulate	25.00 €	21.86 €



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Itämerentori 2

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