LapWall

Company report

8/9/2023

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Inderes corporate customer

This report is a summary translation of the report "Tähtäin pysyy seuraavassa noususyklissä" published on 08/09/2023 at 9:05 am EEST.

The sights kept on the next upward cycle

The overall picture in LapWall's H1 report released yesterday was slightly negative due to Q2 earnings miss and softer-than-expected guidance for the current year. We also made negative revisions to our short-term estimates, yet our confidence in the company's competitiveness and the progress of its strategy remains high. Therefore, we reiterate our EUR 4.00 target price and Buy recommendation. LapWall is still moderately valued (2023-2024e: EV/EBIT 10x and 7x) and the company's earnings growth outlook is strong for the next up cycle in due course. Thus, we find the risk/return ratio of the share very attractive.

Sluggish revenue development left earnings below estimates, good new business for the first time in a while

LapWall's H1 revenue dipped 26% to EUR 19 million, so Q2 revenue performance was slightly below our expectations, as Q1 figures were already available. We estimate that the decline in revenue was driven by a drop in volumes in the wall element segment related to residential construction, while revenue in the roof element segment, driven by industrial and public construction, was probably quite close to last year. LapWall's operating profit adjusted for goodwill amortization fell by 60% in H1 to EUR 1.9 million, down from the very strong level of the previous year. The company's H1 (i.e. Q2) earnings performance was also slightly below our estimates, while margins have remained good and the cost structure stable. The earnings miss was almost entirely due to lower-than-expected revenue level. On the positive side of the report figures were new sales, as LapWall recorded its best order flow in over a year in Q2.

Estimates cut for the coming years due to the market situation, but the company's competitiveness is reassuring

LapWall gave guidance for the current year, according to which the company's revenue for the current year will be EUR 40-45 million and adjusted EBIT EUR 4.0-4.5 million. Guidance levels were below our expectations, although H2 seems to be slightly better than H1, like we anticipated. As expected, comments on the market situation were mixed, with demand for public and industrial construction remaining fairly good, while there was little concrete evidence of recovery expectations for next year in the housing sector, which is important for the wall element segment. We lowered our estimate for the current year to slightly above the mid-point of the company's range, implying a decline of around 15% in adjusted earnings forecasts. We also added some additional safety margin to our projections for the coming years and lowered our revenue-driven earnings forecasts by 5-8% for 2024-2025. Looking beyond the current weaker cycle, we believe LapWall's earnings growth prospects are strong, driven by a product portfolio well aligned with market trends (e.g. environmental friendliness and productivity improvements) and very good relative competitiveness. However, meeting our estimates for the next few years will require better demand in the wall element segment and/or rapid market share gains from a competitor field that is mainly in difficulty. Market uncertainty, in particular, remains very high.

Overall valuation picture encourages waiting for better market conditions

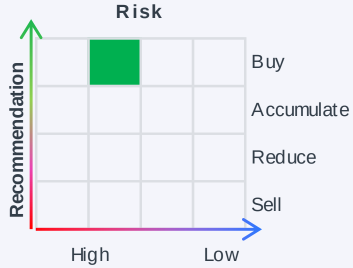
Our LapWall projections for 2023-2024 have P/E ratios of 13x and 10x and corresponding EV/EBIT ratios of 9x and 7x. With a weak performance this year, the valuation is reasonable, but we consider next year's multiples to be very moderate in absolute terms relative to our required return. Thus, we believe there is upside to the valuation, and the 12-month expected return is supported by a good dividend yield of over 4%. In the medium term, we also believe that the expected return is well into double digits, based in particular on earnings growth and dividends. In our view, LapWall offers a good buy opportunity for investors who are patient enough to wait for the next upward cycle.

Recommendation

Buy
(previous Buy)

EUR 4.00
(previous EUR 4.00)

Share price:
EUR 3.18



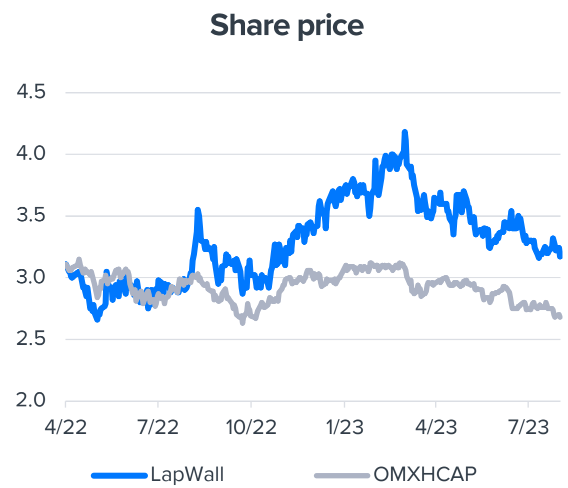
Key figures

	2022	2023e	2024e	2025e
Revenue	52.5	43.2	49.9	57.7
growth-%	9%	-18%	16%	15%
EBIT adj.	8.3	4.3	6.5	8.0
EBIT-% adj.	15.8 %	10.0 %	13.0 %	13.8 %
Net Income	5.7	2.8	4.4	5.6
EPS (adj.)	0.42	0.24	0.35	0.43
P/E (adj.)	8.6	13.5	9.1	7.3
P/B	3.2	2.6	2.3	2.0
Dividend yield-%	5.3 %	4.4 %	5.0 %	5.7 %
EV/EBIT (adj.)	5.5	10.4	6.6	5.0
EV/EBITDA	4.8	7.9	5.5	4.1
EV/S	0.9	1.0	0.9	0.7

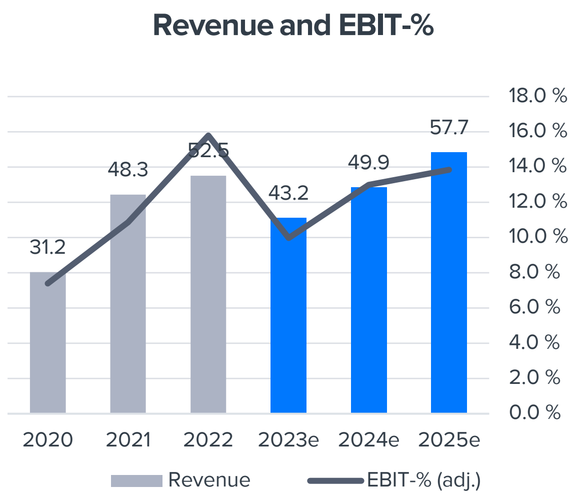
Source: Inderes

Guidance (New guidance)

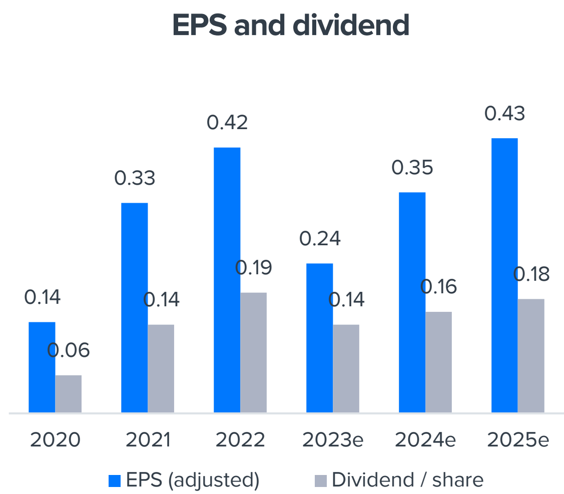
The company expects its revenue in 2023 to be EUR 40-45 million and operating profit excluding goodwill amortization (EBITA) to be EUR 4.0-4.5 million.



Source: Millistream Market Data AB



Source: Inderes



Source: Inderes

Value drivers

- The company is well-positioned for growth in wood construction
- Strong competitive position enables market share growth
- Synergies from the Termater deal
- Room for improvement in productivity through investment
- Moderate valuation of the IPO price leaves upside for valuation multiples

Risk factors

- Finland's economic and construction cycle
- Inflation and pricing power
- New types of stronger competition
- Slowing down the proliferation of environmental trends and wood construction
- Project risks

Valuation	2023e	2024e	2025e
Share price	3.18	3.18	3.18
Number of shares, millions	14.9	14.9	14.9
Market cap	47	47	47
EV	45	43	40
P/E (adj.)	13.5	9.1	7.3
P/E	16.8	10.8	8.4
P/B	2.6	2.3	2.0
P/S	1.1	0.9	0.8
EV/Sales	1.0	0.9	0.7
EV/EBITDA	7.9	5.5	4.1
EV/EBIT (adj.)	10.4	6.6	5.0
Payout ratio (%)	74.1 %	54.4 %	47.5 %
Dividend yield-%	4.4 %	5.0 %	5.7 %

Source: Inderes

Earnings below estimates, as revenue fell slightly more than expected

The drop in revenue was sharper than expected

LapWall's H1 revenue decreased by 26% to EUR 18.9 million, about 3% below our estimate. The decline in revenue was driven in particular by the sharp contraction in residential construction, which weighed heavily on wall element sales volumes in both Q1 and Q2. In terms of revenue, the decline in the company's largest product segment, roof elements, was probably more moderate, reflecting more defensive demand from the public and industrial sectors. The acquisition of KW-Component in June did not provide any significant inorganic support to sales or profitability in H1.

Volume decline weighed on profitability

The sharp decline in revenue was reflected in LapWall's profitability, which is typical in a factory-driven business. EBITA adjusted for goodwill amortization amounted to EUR 1.9 million in H1 (H1'22 EBITA: 4.6 MEUR), corresponding to a margin of 10.2%. The result was therefore just under 10% below our estimate. In absolute terms, the slight earnings miss was due to a slightly lower level of revenue than expected, as the cost structure was practically in line with our expectations. In H1'23, the sales margin deteriorated by "only" a little over 1 percentage point year-on-year to 43%, so the company has been able to maintain its margins well even in a weaker demand environment. In our view, the cost structure looks promising for the future, as the good margin levels will allow for rapid earnings growth once revenues start to pick up (we estimate gross margins to be in the 20-30% range).

On the lower lines of the income statement, financial expenses and taxes were slightly lower than expected. As a result, the adjusted EPS miss was lower than that of the the operating result and the adjusted EPS of EUR 0.11 was in line with our forecasts. In H1, cash flow remained close to zero due to the commitment of working capital. In our view, this was expected, as a company's working capital is typically negative due to, e.g., advances, which means that capital is tied up during periods of declining revenue. Overall, however, negative working capital is desirable, so we do not see anything dramatic in the cash flow.

The balance sheet gives room for maneuver

LapWall's balance sheet position remained very strong with a positive result. At the end of H1, the company's equity ratio strengthened to 62% and net gearing increased to 11%. Net gearing in H1 was boosted by working capital fluctuations, the dividend payment and the KW-Component acquisition. However, the balance sheet is strong, allowing LapWall to focus on its growth strategy in peace.

Estimates	H1'22	H1'23	H1'23e	H1'23e	Consensus		Difference (%)	2023e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	25.5	18.9	19.3				-3%	43.2
EBITDA	5.2	2.6	2.7				-5%	5.6
EBIT (adj.)	4.6	1.9	2.1				-9%	4.3
EBIT	4.3	1.7	1.8				-10%	3.6
PTP	3.6	1.7	1.8				-7%	3.6
EPS (adj.)	0.21	0.11	0.11				-2%	0.24
Revenue growth-%	-	-26.0 %	-24.1 %				-1.9 pp	-17.7 %
EBIT-% (adj.)	18.0 %	10.1 %	10.8 %				-0.7 pp	10.0 %

Source: Inderes

In our baseline scenario, next year is better, but the forecast is not risk-free

Market softness still reflected in orders

Despite the difficult market situation, LapWall received quite a solid amount of new business, especially at the end of June, which of course was known from the press releases. The order book at the end of H1 was around EUR 23 million, only 9% down year-on-year. For new orders, Q2 was the best since Q1'22. The company also commented positively on the new sales in July. Thus, there are also at least occasional glimmers of light in the market for a competitive player like LapWall, although in the big picture the market is very much a mixed one, with wall elements facing an uphill battle (residential construction) and roof elements (industrial and public construction) pulling ahead somewhat steadily.

Clear guidance fell short of our expectations

LapWall gave guidance for the current year, according to which its revenue for the current year will be EUR 40-45 million and adjusted EBIT EUR 4.0-4.5 million. Before the Q2 report, we expected the company to report sales of EUR 45 million and an adjusted EBIT of EUR 5.1 million, so the guidance levels were below our expectations (incl. Q2 outlook), although H2 looks slightly better than H1, like we anticipated. The guidance is also very precise, and the company already has a very good visibility for the current year in light of its order book, except for the last 1-2 months of the year.

We still expect the bottoms to take place this year

We lowered our revenue estimates for 2023-2025 by around 2-6% due to the sluggish construction cycle. Guidance and changes in revenue estimates weighed on our EBITA forecasts for the current year by around 15%, while the revenue-driven estimate cuts for the coming years were 3-8%. We therefore expect LapWall's EBITA to almost halve this year in a weak market and to be slightly above the mid-point of the guidance range. In the coming years, we expect the company's revenues and earnings to show a clear upturn from the current year's sluggish level, driven by a gradually recovering market, market share gains and strategic progress. To meet our estimates for the coming years, we need to see improving demand for wall elements (i.e. the housing market) and at least stable sales of roof elements already from H1'24 onwards. These assumptions are subject to risks, especially for next year, given Finland's weak economic outlook and still high interest rates.

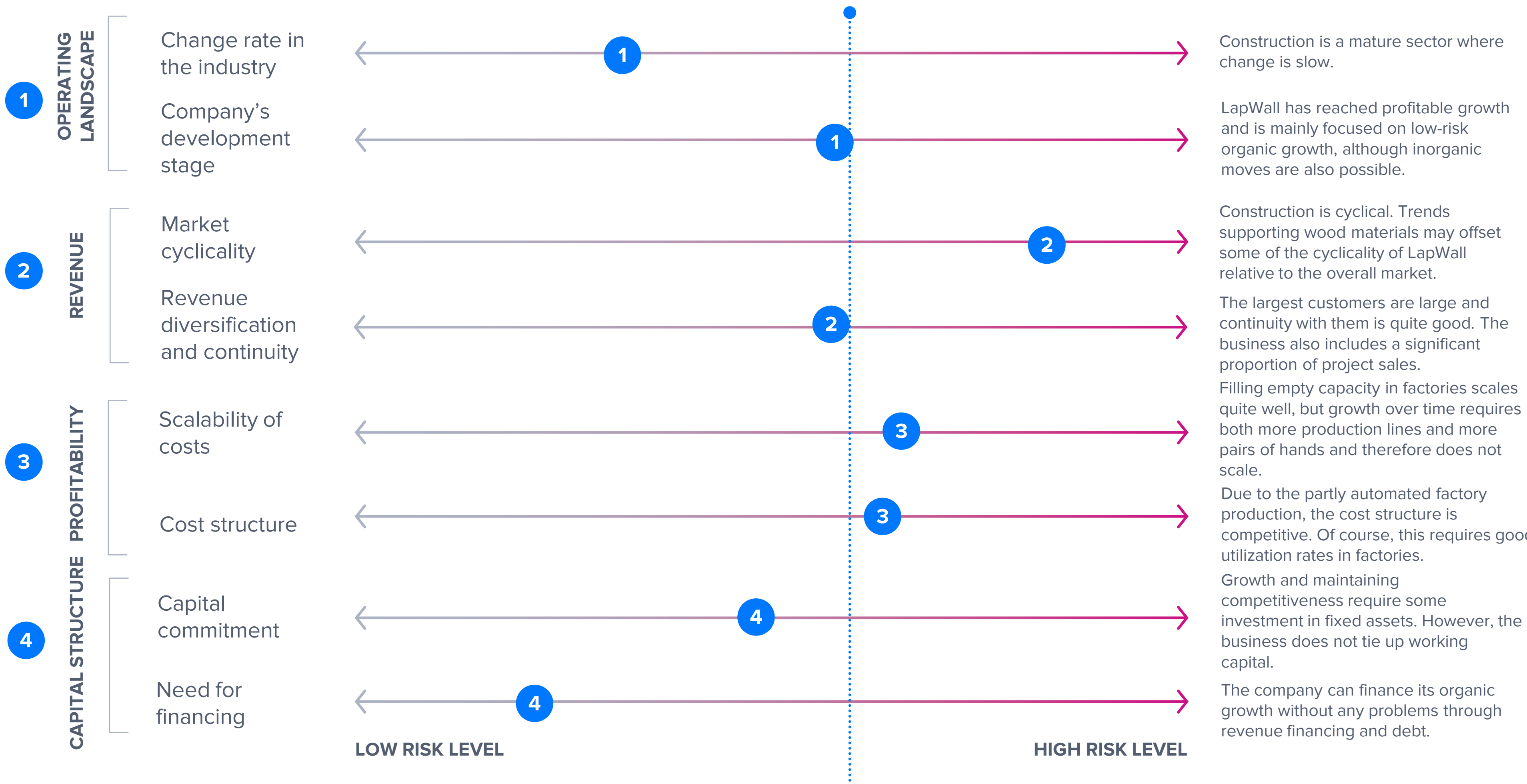
We continue to have strong confidence in LapWall's competitiveness due to its product portfolio that is in line with market trends (e.g. environmental friendliness and productivity improvements) and very good relative competitiveness (including very high customer satisfaction and strong financial position). In addition, we see that the survival of the fittest situation of wall element manufacturers may also open up organic or inorganic growth opportunities for LapWall.

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	44.9	43.2	-4%	52.9	49.9	-6%	59.0	57.7	-2%
EBITDA	6.3	5.6	-11%	8.4	7.9	-7%	10.2	9.7	-4%
EBIT (exc. NRIs)	5.1	4.3	-16%	7.0	6.5	-8%	8.4	8.0	-5%
EBIT	4.4	3.6	-19%	6.1	5.7	-7%	7.5	7.2	-5%
PTP	4.3	3.6	-18%	6.1	5.7	-7%	7.6	7.3	-4%
EPS (excl. NRIs)	0.27	0.24	-13%	0.38	0.35	-8%	0.46	0.43	-5%
DPS	0.16	0.14	-13%	0.18	0.16	-11%	0.20	0.18	-10%

Source: Inderes

Risk profile of LapWall's business model

Assessment of the overall business risk of Lapwall (mid-range corresponds to the average assessed risk level of Nasdaq Helsinki)



Source: Inderes

There are still sufficient incentives for patience

Multiples are favorable and the expected return is good for investors looking for the next upward cycle

With our estimates, LapWall's adjusted P/E ratios for 2023 and 2024 are 13x and 9x, while the corresponding EV/EBIT multiples are around 10x and 7x. We recommend investors to utilize LapWall's EV/EBIT multiple in particular, which better reflects the company's very strong balance sheet. We consider the multiples to be moderate in absolute terms relative to our required return for next year, and even with modest results for the current year, the multiples are within our acceptable ranges (cf. in our May 2023 extensive report, the acceptable valuation ranges were P/E 10x-14x and EV/EBIT 8x-12x in the short term). Relatively speaking, the stock is cheap, especially on an EV basis, but of course the whole peer group is only loosely connected to LapWall.

For the coming years, we expect dividend yields to settle at around 4-5%, even in a weak cycle, as a result of a satisfactory earnings position and a strong balance sheet, although we cut our dividend estimates due to lower earnings projections. Thus, even though LapWall is primarily a growth company, investors get a good base return through the dividend. In our view, the 12-month expected return from the upside valuation and dividend is well above our required return. In the medium term, the expected return is also supported by earnings growth, and we estimate that the medium-term expected return is also well into double digits. Thus, we see buying in LapWall as justified at the current share price level, even if the difficult market situation in the (residential) construction sector will continue to hold back the company in the near term.

DCF value is at our target price level

On a DCF basis, we get a value of around EUR 4 per share. The weight of the terminal period in the value of cash flows is very moderate, less than 50%. As such, we do not believe the model is particularly aggressive, especially in terms of long-term profitability assumptions or required returns, but our forecast does assume that LapWall will continue to grow profitably through the decade.

In the long term, LapWall's value is well positioned to grow steadily over the decade.

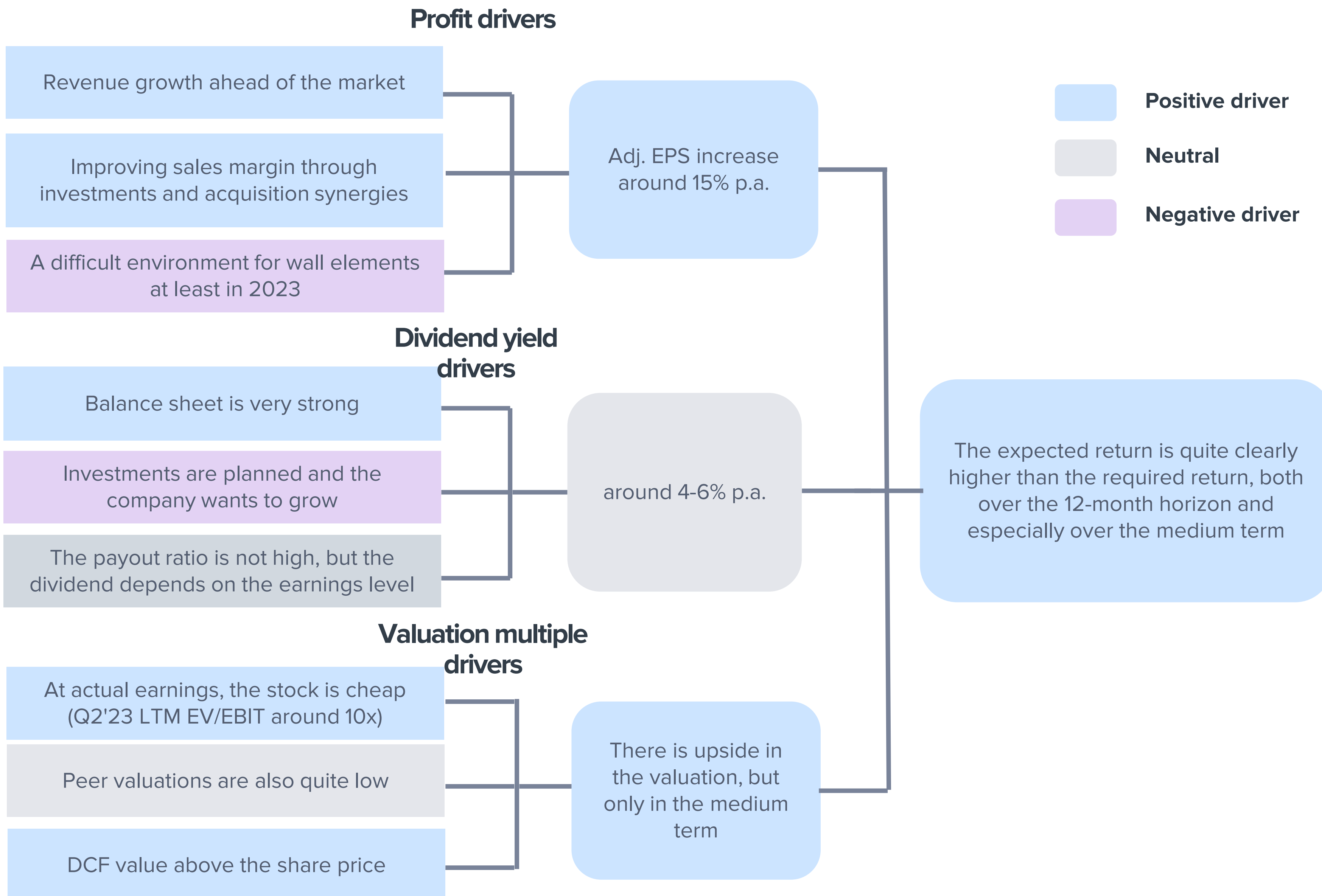
Over the next few years, we see clear upside in LapWall's value from current levels, but this of course requires that the company's business develops at least in line with our estimates and/or the company's targets (our estimates are already well below the company's targets in terms of business size). In our view, LapWall also has the makings to be a steady grower and value creator at least in the medium term, as well as a good dividend payer. Even in a weak market, tolerable profitability and chronically high customer satisfaction also show that the company's own house is in order, and we find it difficult to identify significant competitive threats even in the direct competitive environment.

In our view, the main risks to the company are the cyclicality of construction and the prolongation of the current weak cycle, new types of competition, inflation, and the slowing or reversal of environmental trends. If these risks were to materialize, the company's short- or longer-term growth and/or profitability could fall short of our estimates, but we believe the partially low valuation already provides some protection against forecast risks. We consider the stock's risk profile to be quite high, especially due to external risks, but on the other hand, we think the stock's return potential is good enough to compensate for the risks.

Valuation	2023e	2024e	2025e
Share price	3.18	3.18	3.18
Number of shares, millions	14.9	14.9	14.9
Market cap	47	47	47
EV	45	43	40
P/E (adj.)	13.5	9.1	7.3
P/E	16.8	10.8	8.4
P/B	2.6	2.3	2.0
P/S	1.1	0.9	0.8
EV/Sales	1.0	0.9	0.7
EV/EBITDA	7.9	5.5	4.1
EV/EBIT (adj.)	10.4	6.6	5.0
Payout ratio (%)	74.1 %	54.4 %	47.5 %
Dividend yield-%	4.4 %	5.0 %	5.7 %

Source: Inderes

Market value drivers Q2'23 LTM-2026e



Source: Inderes

Investment profile

1. **Focusing on prefabricated wood products and mainly on the Finnish market**
2. **Market leadership and improved competitiveness**
3. **Structural uptake of environmentally friendly wood products as a material**
4. **Organic growth with competitive advantages and carefully considered acquisitions**
5. **Improving efficiency through investment and synergies**

Potential

- Growth prospects for ecological products are better than the overall market growth
- Strong competitiveness enables market share gains in Finland
- Reducing costs through investments in automation
- Selected acquisitions in a fragmented market
- Value upside as track-record accumulates

Risks

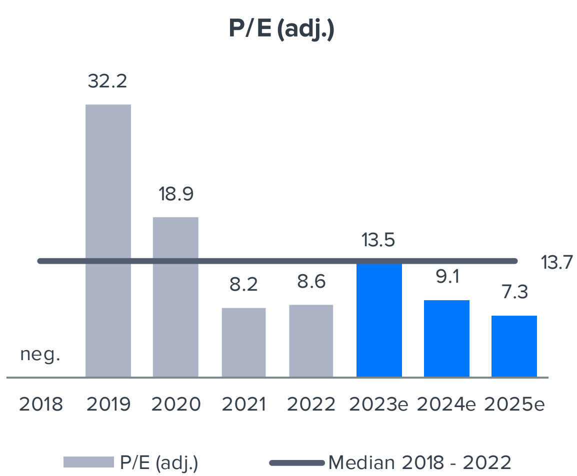
- Weaker-than-expected development of the Finnish economy and the construction cycle and or a prolongation of the current weak cycle
- Increased competition from new and stronger players
- Inflation
- Project risks
- Slowing or interrupting the breakthrough of environmental trends

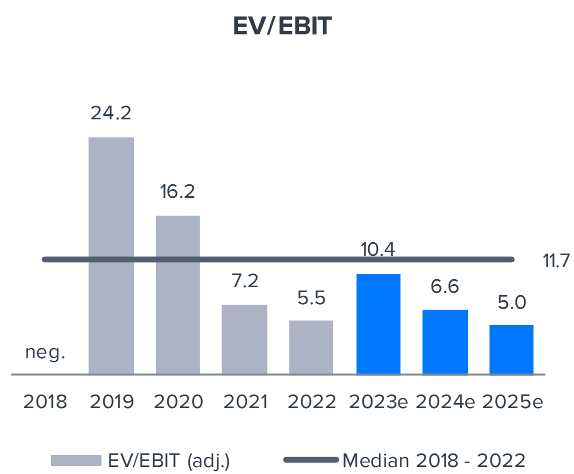
Source: Inderes

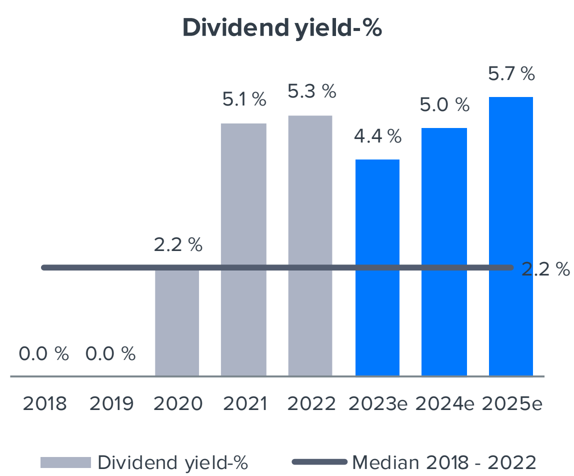
Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price		2.72	2.72	2.72	3.58	**3.18**	**3.18**	**3.18**	**3.18**
Number of shares, millions		12.4	12.4	12.4	14.2	**14.9**	**14.9**	**14.9**	**14.9**
Market cap		33.7	33.7	33.7	50.9	**47.3**	**47.3**	**47.3**	**47.3**
EV		39.9	37.4	37.7	45.4	**44.6**	**43.0**	**39.9**	**35.6**
P/E (adj.)		32.2	18.9	8.2	8.6	**13.5**	**9.1**	**7.3**	**6.2**
P/E		32.2	18.9	9.3	9.3	**16.8**	**10.8**	**8.4**	**6.9**
P/B		9.9	6.3	4.7	3.2	**2.6**	**2.3**	**2.0**	**1.7**
P/S		1.0	1.1	0.7	1.0	**1.1**	**0.9**	**0.8**	**0.7**
EV/Sales		1.2	1.2	0.8	0.9	**1.0**	**0.9**	**0.7**	**0.6**
EV/EBITDA		11.5	9.1	5.7	4.8	**7.9**	**5.5**	**4.1**	**3.1**
EV/EBIT (adj.)		24.2	16.2	7.2	5.5	**10.4**	**6.6**	**5.0**	**3.8**
Payout ratio (%)		0.0 %	41.7 %	48.1 %	49.5 %	**74.1 %**	**54.4 %**	**47.5 %**	**43.4 %**
Dividend yield-%		0.0 %	2.2 %	5.1 %	5.3 %	**4.4 %**	**5.0 %**	**5.7 %**	**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**
Lapwall	47	42	9.5	6.9	10.4	5.2	0.9	0.8	14.7	10.1	4.9	5.6	2.6
Uponor	2111	2206	16.3	14.4	11.5	10.6	1.7	1.6	24.8	21.4	2.5	2.7	4.3
EcoUp	24	25		12.3	6.2	4.1	0.6	0.5	67.5	15.0		1.9	1.1
Purmo	288	510	13.7	8.1	6.7	5.7	0.6	0.6	10.1	8.1	4.7	5.6	0.7
Inwido	586	675	8.9	9.0	6.5	6.5	0.9	0.9	11.2	11.6	5.4	5.2	1.2
Balco	80	99	11.9	10.8	8.0	7.5	0.9	1.0	13.0	11.9	3.0	3.5	1.2
Steico	492	668	22.7	19.7	11.7	10.6	1.8	1.7	25.9	19.8	1.2	1.4	1.6
Louisiana Pacific	4257	4535	17.3	11.6	11.2	8.7	1.9	1.8	19.9	14.6	1.5	1.5	3.0
LapWall (Inderes)	**47**	**45**	**10.4**	**6.6**	**7.9**	**5.5**	**1.0**	**0.9**	**13.5**	**9.1**	**4.4**	**5.0**	**2.6**
Average			**17.4**	**11.2**	**9.0**	**7.0**	**1.1**	**1.0**	**23.4**	**13.4**	**3.3**	**3.4**	**1.8**
Median			**15.0**	**10.8**	**8.4**	**6.5**	**0.9**	**0.9**	**17.3**	**11.9**	**3.0**	**3.1**	**1.2**
Diff-% to median			***-31%***	***-39%***	***-6%***	***-16%***	***15%***	***1%***	***-22%***	***-23%***	***49%***	***64%***	***111%***

Source: Refinitiv / Inderes

Income statement

Income statement	2021	H1'22	H2'22	2022	H1'23	H2'23e	2023e	2024e	2025e	2026e
Revenue	**48.3**	**25.5**	**27.0**	**52.5**	**18.9**	**24.3**	**43.2**	**49.9**	**57.7**	**63.4**
Group	48.3	25.5	27.0	52.5	18.9	24.3	43.2	49.9	57.7	63.4
Goodwill amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**6.6**	**5.2**	**4.4**	**9.5**	**2.6**	**3.1**	**5.6**	**7.9**	**9.7**	**11.5**
Depreciation	-1.8	-0.8	-0.9	-1.8	-0.9	-1.1	-2.0	-2.2	-2.5	-2.9
EBIT (excl. NRI)	**5.2**	**4.6**	**3.7**	**8.3**	**1.9**	**2.4**	**4.3**	**6.5**	**8.0**	**9.4**
EBIT	**4.8**	**4.3**	**3.5**	**7.8**	**1.7**	**2.0**	**3.6**	**5.7**	**7.2**	**8.6**
Group	5.2	4.6	3.7	8.3	1.9	2.4	4.3	6.5	8.0	9.4
Goodwill amortization	-0.5	-0.2	-0.2	-0.5	-0.3	-0.5	-0.7	-0.8	-0.8	-0.8
Net financial items	-0.2	-0.7	0.0	-0.7	0.0	-0.1	0.0	0.0	0.1	0.2
PTP	**4.6**	**3.6**	**3.4**	**7.0**	**1.7**	**1.9**	**3.6**	**5.7**	**7.3**	**8.8**
Taxes	-0.9	-0.7	-0.7	-1.4	-0.3	-0.4	-0.8	-1.3	-1.6	-1.9
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	**3.7**	**2.9**	**2.8**	**5.7**	**1.3**	**1.5**	**2.8**	**4.4**	**5.6**	**6.9**
EPS (adj.)	**0.33**	**0.21**	**0.20**	**0.42**	**0.11**	**0.13**	**0.24**	**0.35**	**0.43**	**0.51**
EPS (rep.)	**0.29**	**0.20**	**0.19**	**0.38**	**0.09**	**0.10**	**0.19**	**0.29**	**0.38**	**0.46**

Key figures	2021	H1'22	H2'22	2022	H1'23	H2'23e	2023e	2024e	2025e	2026e
Revenue growth-%	54.9 %		-44.1 %	8.6 %	-26.0 %	-9.9 %	-17.7 %	15.6 %	15.5 %	10.0 %
Adjusted EBIT growth-%	127.4 %		-29.4 %	57.9 %	-58.5 %	-35.1 %	-48.0 %	50.7 %	23.1 %	18.2 %
EBITDA-%	13.7 %	20.3 %	16.2 %	18.2 %	13.7 %	12.5 %	13.0 %	15.8 %	16.8 %	18.1 %
Adjusted EBIT-%	10.9 %	18.0 %	13.7 %	15.8 %	10.1 %	9.9 %	10.0 %	13.0 %	13.8 %	14.9 %
Net earnings-%	7.5 %	11.0 %	9.8 %	10.4 %	7.1 %	6.0 %	6.5 %	8.8 %	9.8 %	10.8 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	**11.5**	**12.1**	**15.3**	**16.1**	**16.6**
Goodwill	3.0	2.4	5.6	4.7	3.8
Intangible assets	0.2	0.4	0.4	0.4	0.4
Tangible assets	8.3	9.2	9.2	10.9	12.3
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	**8.4**	**16.1**	**11.8**	**14.1**	**17.9**
Inventories	3.0	3.2	3.0	3.2	3.5
Other current assets	1.8	2.3	2.0	2.0	2.0
Receivables	1.6	2.7	2.6	3.0	3.5
Cash and equivalents	2.1	7.8	4.2	5.8	8.9
Balance sheet total	**19.9**	**28.2**	**27.0**	**30.2**	**34.5**

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	**7.1**	**15.9**	**18.1**	**20.4**	**23.6**
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	-2.2	4.8	4.9	7.2	10.5
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	9.3	10.9	13.0	13.0	13.0
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**2.6**	**1.9**	**1.5**	**1.5**	**1.5**
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	2.3	1.4	1.0	1.0	1.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.3	0.5	0.5	0.5	0.5
Current liabilities	**10.2**	**10.5**	**7.5**	**8.3**	**9.4**
Short term debt	3.8	1.0	0.5	0.5	0.5
Payables	3.4	4.6	3.9	4.7	5.8
Other current liabilities	2.9	4.8	3.1	3.1	3.1
Balance sheet total	**19.9**	**28.2**	**27.0**	**30.2**	**34.5**

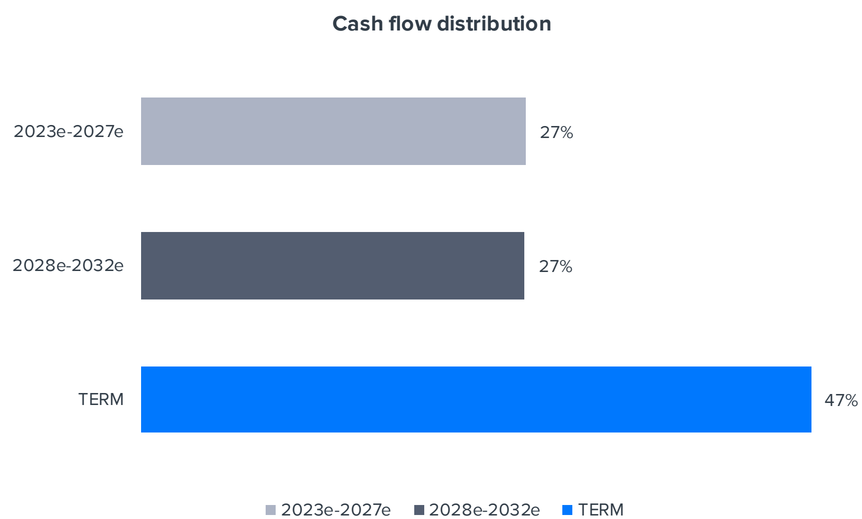
DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	8.6 %	-17.7 %	15.6 %	15.5 %	10.0 %	5.0 %	4.0 %	4.0 %	3.0 %	3.0 %	2.0 %	2.0 %
EBIT-%	14.8 %	8.3 %	11.4 %	12.5 %	13.6 %	12.0 %	11.0 %	10.0 %	9.0 %	8.0 %	8.0 %	8.0 %
EBIT (operating profit)	**7.8**	**3.6**	**5.7**	**7.2**	**8.6**	**8.0**	**7.6**	**7.2**	**6.7**	**6.1**	**6.2**	
+ Depreciation	1.8	2.0	2.2	2.5	2.9	2.9	2.5	2.4	2.3	2.3	2.2	
- Paid taxes	-1.4	-0.8	-1.3	-1.6	-1.9	-1.8	-1.6	-1.6	-1.5	-1.4	-1.4	
- Tax, financial expenses	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	
- Change in working capital	1.3	-1.9	0.2	0.3	0.2	-0.1	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	**9.3**	**3.0**	**6.7**	**8.4**	**9.8**	**9.1**	**8.5**	**8.1**	**7.6**	**7.0**	**7.1**	
+ Change in other long-term liabilities	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-2.3	-5.2	-3.0	-3.0	-3.0	-2.0	-1.5	-1.5	-1.5	-2.0	-1.9	
Free operating cash flow	**7.2**	**-2.2**	**3.7**	**5.4**	**6.8**	**7.1**	**7.0**	**6.6**	**6.1**	**5.0**	**5.2**	
+/- Other	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	7.0	-2.2	3.7	5.4	6.8	7.1	7.0	6.6	6.1	5.0	5.2	64.8
Discounted FCFF		**-2.1**	**3.3**	**4.3**	**4.9**	**4.6**	**4.1**	**3.5**	**3.0**	**2.2**	**2.1**	**26.1**
Sum of FCFF present value		56.0	58.1	54.9	50.6	45.7	41.0	36.9	33.4	30.4	28.2	26.1

Enterprise value DCF	**56.0**
- Interest bearing debt	-2.3
+ Cash and cash equivalents	7.8
-Minorities	0.0
-Dividend/capital return	-2.7
Equity value DCF	**58.8**
Equity value DCF per share	**4.0**

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	10.0 %
Cost of debt	5.0 %
Equity Beta	1.60
Market risk premium	4.75%
Liquidity premium	0.75%
Risk free interest rate	2.5 %
Cost of equity	**10.9 %**
Weighted average cost of capital (WACC)	**10.2 %**

Source: Inderes



Summary

Income statement	2020	2021	2022	2023e	2024e
Revenue	31.2	48.3	52.5	**43.2**	**49.9**
EBITDA	4.1	6.6	9.5	**5.6**	**7.9**
EBIT	2.3	4.8	7.8	**3.6**	**5.7**
PTP	1.9	4.6	7.0	**3.6**	**5.7**
Net Income	1.8	3.6	5.5	**2.8**	**4.4**
Extraordinary items	0.0	-0.5	-0.5	**-0.7**	**-0.8**

Balance sheet	2020	2021	2022	2023e	2024e
Balance sheet total	17.2	19.9	28.2	**27.0**	**30.2**
Equity capital	5.4	7.1	15.9	**18.1**	**20.4**
Goodwill	2.4	3.0	2.4	**5.6**	**4.7**
Net debt	3.7	4.1	-5.5	**-2.7**	**-4.3**

Cash flow	2020	2021	2022	2023e	2024e
EBITDA	4.1	6.6	9.5	**5.6**	**7.9**
Change in working capital	-0.5	-1.5	1.3	**-1.9**	**0.2**
Operating cash flow	3.6	4.2	9.3	**3.0**	**6.7**
CAPEX	-0.2	-2.6	-2.3	**-5.2**	**-3.0**
Free cash flow	2.9	1.6	7.0	**-2.2**	**3.7**

Valuation multiples	2020	2021	2022	2023e	2024e
EV/S	1.2	0.8	0.9	**1.0**	**0.9**
EV/EBITDA (adj.)	9.1	5.7	4.8	**7.9**	**5.5**
EV/EBIT (adj.)	16.2	7.2	5.5	**10.4**	**6.6**
P/E (adj.)	18.9	8.2	8.6	**13.5**	**9.1**
P/B	6.3	4.7	3.2	**2.6**	**2.3**
Dividend-%	2.2 %	5.1 %	5.3 %	**4.4 %**	**5.0 %**

Source: Inderes

Per share data	2020	2021	2022	2023e	2024e
EPS (reported)	0.14	0.29	0.38	**0.19**	**0.29**
EPS (adj.)	0.14	0.33	0.42	**0.24**	**0.35**
OCF / share	0.29	0.34	0.66	**0.20**	**0.45**
FCF / share	0.23	0.13	0.49	**-0.15**	**0.25**
Book value / share	0.43	0.58	1.11	**1.21**	**1.37**
Dividend / share	0.06	0.14	0.19	**0.14**	**0.16**

Growth and profitability	2020	2021	2022	2023e	2024e
Revenue growth-%	-8%	55%	9%	**-18%**	**16%**
EBITDA growth-%	18%	61%	45%	**-41%**	**40%**
EBIT (adj.) growth-%	40%	127%	58%	**-48%**	**51%**
EPS (adj.) growth-%	71%	130%	26%	**-44%**	**47%**
EBITDA-%	13.1 %	13.7 %	18.2 %	**13.0 %**	**15.8 %**
EBIT (adj.)-%	7.4 %	10.9 %	15.8 %	**10.0 %**	**13.0 %**
EBIT-%	7.4 %	9.8 %	14.8 %	**8.3 %**	**11.4 %**
ROE-%	40.7 %	57.7 %	47.5 %	**16.6 %**	**22.8 %**
ROI-%	21.9 %	39.5 %	49.6 %	**19.6 %**	**27.9 %**
Equity ratio	33.6 %	37.6 %	61.1 %	**70.7 %**	**71.5 %**
Gearing	69.6 %	57.0 %	-34.7 %	**-14.8 %**	**-21.2 %**

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
4/10/2022	Accumulate	3.40 €	3.11 €
5/19/2022	Accumulate	3.40 €	3.05 €
8/17/2022	Accumulate	4.00 €	3.55 €
11/1/2022	Accumulate	3.75 €	3.27 €
1/31/2023	Reduce	3.75 €	3.68 €
2/8/2023	Reduce	3.75 €	3.95 €
4/27/2023	Accumulate	3.75 €	3.51 €
6/1/2023	Buy	4.00 €	3.24 €
8/9/2023	Buy	3.75 €	3.18 €

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