

# Modulight

## Company report

05/02/2023 07:00



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✓ Inderes corporate customer

This report is a summary translation of the report “Alkuvuosi oli edelleen vaikea” published on 5/2/2023 at 8:21 am

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# Start of the year was still difficult

In connection with its business review, Modulight released key business indicators on Friday. The company's Q1'23 revenue and EBIT fell from the comparison period and were clearly below our expectations. Despite the undershoot, our estimates fall only slightly, as the company reported that several projects had significant revenue potential during the rest of the year. The valuation picture is practically unchanged when the share price has fallen as much as our estimates. We reiterate our Reduce recommendation and EUR 2.3 target price for the share.

## We are still waiting for revenue recovery

Modulight's revenue in Q1 was EUR 1.5 million, a slight decrease from EUR 1.6 million in the comparison period. Revenue was clearly below our EUR 2.2 million estimate. The company reported a long sales pipeline and delays in customer projects as the reasons for the drop in revenue. The changes in the operating environment caused by the COVID pandemic, as well as macro-economic and geopolitical uncertainty, also posed challenges. However, the company raised expectations for the rest of the year, saying that several projects had significant revenue potential during 2023. In the absence of visibility, independent assessment of this potential is impossible. The company did not comment more specifically on the size of this potential. The total number of projects remained unchanged at 27.

## EBIT was under pressure due to low revenue and investments

The operating loss doubled to EUR 1.9 million from the comparison period and our estimate (0.9 MEUR). The decline in earnings is explained by the fall in revenue and the rise in costs as the company stepped on the gas in implementing its growth strategy. In our view, costs rose due to the costs related to the manufacturing plant that is being completed, so they should reduce in the future.

## Moderate estimate changes as the company hints about potential later in 2023

We lower our revenue estimate moderately by 4-2% for 2023 and 2024 due to weaker than expected Q1 development. As the company indicates significant potential in the project business in 2023, we continue to expect strong revenue growth already this year, despite Q1 being below our expectations. In addition to the project business, the revenue driver is the commercialization of the ophthalmic laser that recently received marketing authorization from the FDA.

## Valuation picture is almost fully unchanged

Our valuation is primarily based on a DCF calculation modeling the present value of future cash flows and on sales-based multiples (EV/S). Our DCF model still indicates that the current value of cash flows is EUR 2.3. Expected cash flows concentrate beyond 2032 due to losses in the coming years and high long-term growth estimates. EV/S ratios 7.5x-5.7x for 2023-2024 (previous 7.5x-5.8x) clearly exceed the valuation of the peers. The risk level of the share is relatively high due to the highish valuation level and low business predictability. We estimate that the key factors for the development of the share during the rest of the year are the success of the initial stage of the commercialization of the ophthalmic laser and materialization of the significant potential in project revenue mentioned by the company.

## Recommendation

### Reduce

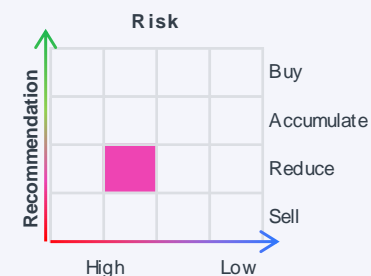
(previous Reduce)

### EUR 2.30

(previous EUR 2.3)

### Share price:

2.31



## Key figures

	2022	2023e	2024e	2025e
<b>Revenue</b>	4.6	9.1	12.6	17.9
<b>growth-%</b>	-49%	99%	38%	42%
<b>EBIT adj.</b>	-7.8	-5.2	-2.9	0.2
<b>EBIT-% adj.</b>	-169.5 %	-56.7 %	-22.8 %	1.0 %
<b>Net Income</b>	-8.6	-5.0	-2.7	0.3
<b>EPS (adj.)</b>	-0.20	-0.12	-0.06	0.01

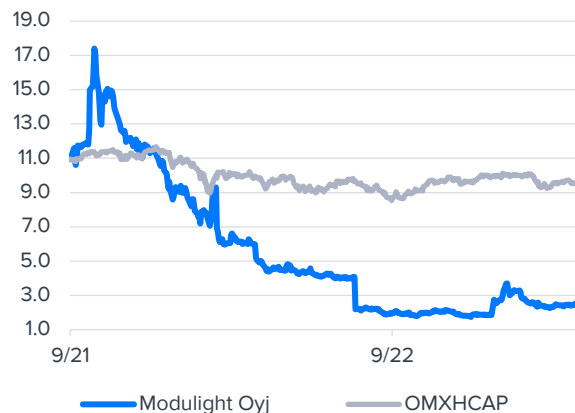
<b>P/E (adj.)</b>	neg.	neg.	neg.	>100
<b>P/B</b>	1.9	1.6	1.6	1.6
<b>Dividend yield-%</b>	0.0 %	0.0 %	0.0 %	0.0 %
<b>EV/EBIT (adj.)</b>	neg.	neg.	neg.	>100
<b>EV/EBITDA</b>	neg.	neg.	neg.	24.2
<b>EV/S</b>	19.6	7.5	5.7	4.0

Source: Inderes

## Guidance

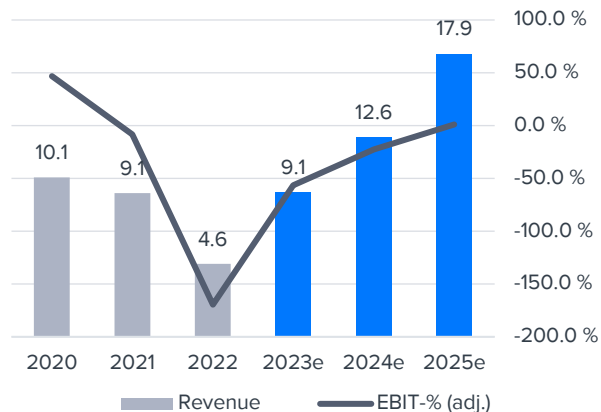
Modulight does not provide any guidance.

## Share price



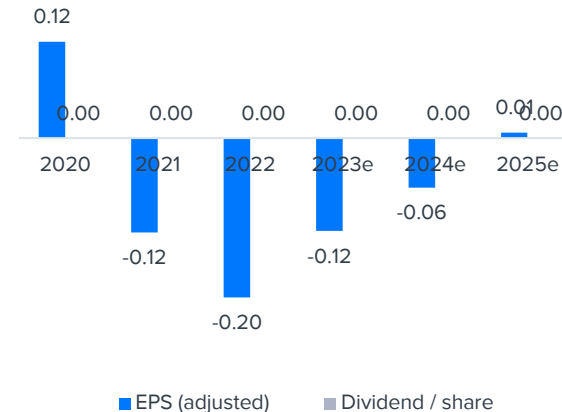
Source: Millistream Market Data AB

## Revenue and EBIT %



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- A defensive market with growth well into the future
- The company's technological expertise, ability to tailor products and build cloud services gives Modulight a competitive advantage
- A model based on license fees and pay-per-treatment pricing can be highly scalable if successful



## Risk factors

- The project-based model has been unreliable, at least for 2022, and we believe its long-term performance requires further evidence.
- Revenue and profitability are poorly predictable
- Low visibility of projects and their progress
- Immature and concentrated customer base brings more risk

Valuation	2023e	2024e	2025e
Share price	2.31	2.31	2.31
Number of shares, millions	42.6	42.6	42.6
Market cap	98	98	98
EV	68	71	72
P/E (adj.)	neg.	neg.	>100
P/E	neg.	neg.	>100
P/FCF	neg.	neg.	neg.
P/B	1.6	1.6	1.6
P/S	10.8	7.8	5.5
EV/Sales	7.5	5.7	4.0
EV/EBITDA	neg.	neg.	24.2
EV/EBIT (adj.)	neg.	neg.	>100
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

# Revenue and EBIT still at a low level compared to the company's history

## Estimates vs. outcome Q1'23

- Revenue of EUR 1.5 million was clearly below our estimate (2.2 MEUR) and fell from the comparison period (Q1'22: 1.6 MEUR).
- According to the company, revenue was negatively affected by long sales pipelines and delays in customer projects. The changes in the operating environment caused by the COVID pandemic, as well as macro-economic and geopolitical uncertainty, generated challenges according to the company.
- The company has a large project worth USD 3.9 million that will be recognized as income in Q3'22-Q2'23. The company has not, however, reported what the share of this contact was in Q1 revenue.
- The company created expectations for the rest of the year by saying that several projects have significant revenue potential during 2023.
- The operating loss was EUR 1.9 million, which was EUR 1 million weaker than our estimate and the comparison period.
- In addition to the drop in revenue, the weaker result is explained by the costs of introducing new equipment, which, according to the company, are partly non-recurring. However, with recruitment, personnel costs are expected to continue to increase.
- The total number of projects remained at year-end level at 27. No new projects started or old projects ended during Q1.
- Visibility to the future development of revenue and EBIT is still limited.

Estimates MEUR / EUR	Q1'22	Q1'23	Q1'23e	Q1'23e	Consensus		Difference (%)	2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	1.6	1.5	2.2				-32 %	9.5
EBIT	-0.9	-1.9	-0.9				-111 %	-3.9
EPS (reported)	-0.03	-0.04	-0.02				-100 %	-0.09
Revenue growth-%		-6.3 %	37.5 %				-43.8 pp	107.4 %
EBIT-% (adj.)		-127.5 %	-40.9 %					-40.4 %

Source: Inderes

# Minor revisions downwards in short-term estimates

## Estimate revisions 2023e-2025e

- We lower our 2023-25 revenue estimate by 4-1% after the weaker than expected Q1'23 performance.
- The significant revenue potential of several projects in 2023 reported by the company keeps our estimate cuts low, although it is practically impossible to estimate this potential from outside.
- Our long-term revenue estimates remain unchanged
- Our EBIT estimates for 2023-2025 are lowered due to weaker EBITDA and EBIT than expected.
- However, according to the company, the cost structure seen in Q1 should become somewhat lighter toward the end of the year as growth investments decrease.

## Operational earnings drivers 2023-2024e:

- Return from project business, which the company reported to have significant revenue potential in 2023
- Commercialization of the ophthalmic laser starting in H1'23
- Maturing of the distribution contract with Laser 2000
- Revenue for H1 from the USD 3.9 million contract announced last year

Estimate revisions MEUR / EUR	2023e			2024e			2025e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
Revenue	9.5	9.1	-4%	12.8	12.6	-2%	18.1	17.9	-1%
EBIT	-3.9	-5.2	34%	-2.6	-2.9	10%	0.4	0.2	-54%
EPS (excl. NRIs)	-0.09	-0.12	36%	-0.06	-0.06	10%	0.01	0.01	-35%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

# Valuation picture is practically unchanged

## EV/S ratios indicate that the share is expensive

Because of the loss-making business, we cannot use earnings-based multiples in valuation, but rely on revenue-based EV/S ratios and DCF calculation that models the present value of future cash flows. The valuation is inaccurate by nature as it relies heavily on long-term growth and profitability, which currently has low visibility.

The revenue-based share valuation is unchanged from our recent [Initiation of coverage report](#), as the share price and estimates have decreased equally. With our updated estimates, EV/S ratios are 7.5x and 5.7x for 2023-2024 (previous 7.5x and 5.8x). The ratios are high compared to Lumibird SA which we consider the most suitable peer (EV/S: 1.7x and 1.6x). The median of the laser manufacturer peer group is 2.0x-1.7x and the EV/S median of medical device manufacturers is 5.2x-4.8x.

Given the low profitability and estimate risk in the coming years, we believe Modulight's EV/S ratios are currently too high. With the current outlook, we are prepared to accept a multiple of 5-7x for the share for 2023. In our estimates, valuation falls to the middle of the range in 2024 and below the range in 2025. We are prepared to raise the acceptable multiples if the company achieves the growth and profitability performance we forecast.

## DCF that relies on long-term potential indicates that the share valuation is neutral

The neutral scenario of our DCF calculation still indicates a EUR 2.3 for the share, as we have made no changes to our long-term estimates. In the positive scenario, the DCF is EUR 4.9 and in the negative scenario EUR 1.1. The main factor explaining the

differences between the scenarios is revenue growth, which is followed by profitability. In particular, the higher terminal profitability (EBIT of 30%) used in the positive scenario has a clear upward effect on the value. In the negative scenario, terminal profitability remains at 20%. We note that the scenarios do not represent our view of the best and worst possible path for the business but are intended to provide investors with a perspective on the sensitivity of the valuation assumptions used, which in the case of Modulight is high.

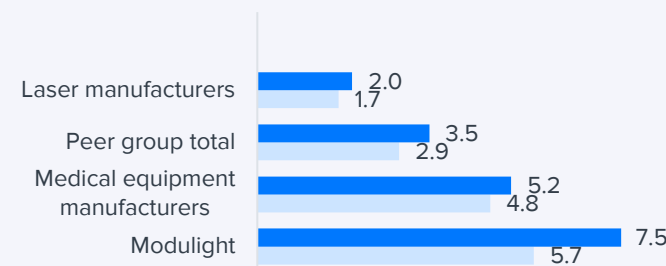
## We reiterate our recommendation as the valuation picture remains unchanged

We reiterate our Reduce recommendation and EUR 2.3 target price for the share as the valuation picture has practically remained unchanged since the initiation of coverage. Our view on the fair value of Modulight's share is EUR 2.0-3.0. Given the company's profile, significant estimate risk and low visibility, we believe a relatively wide fair value range is justified. Central to the view is the DCF model and its scenarios, which suggest that the stock is slightly overvalued with our assumptions in the neutral scenario. The projected cash flows therefore do not match our expected return. The DCF suggests a significant upside or downside for the share in high and low growth scenarios. In case the low estimate materializes, the risk of permanently losing capital is considerable.

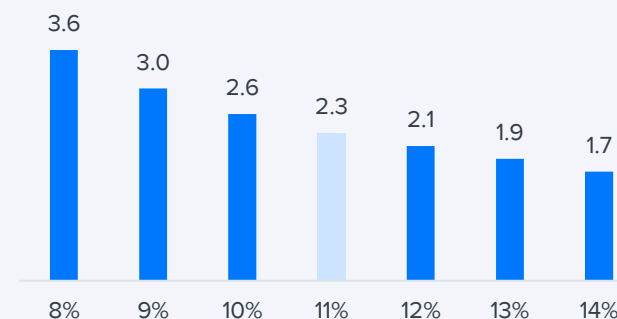
Valuation	2023e	2024e	2025e
Share price	2.31	2.31	2.31
Number of shares, millions	42.6	42.6	42.6
Market cap	98	98	98
EV	68	71	72
P/E	neg.	neg.	>100
P/B	1.6	1.6	1.6
P/S	10.8	7.8	5.5
EV/Sales	7.5	5.7	4.0
EV/EBIT (adj.)	neg.	neg.	>100
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

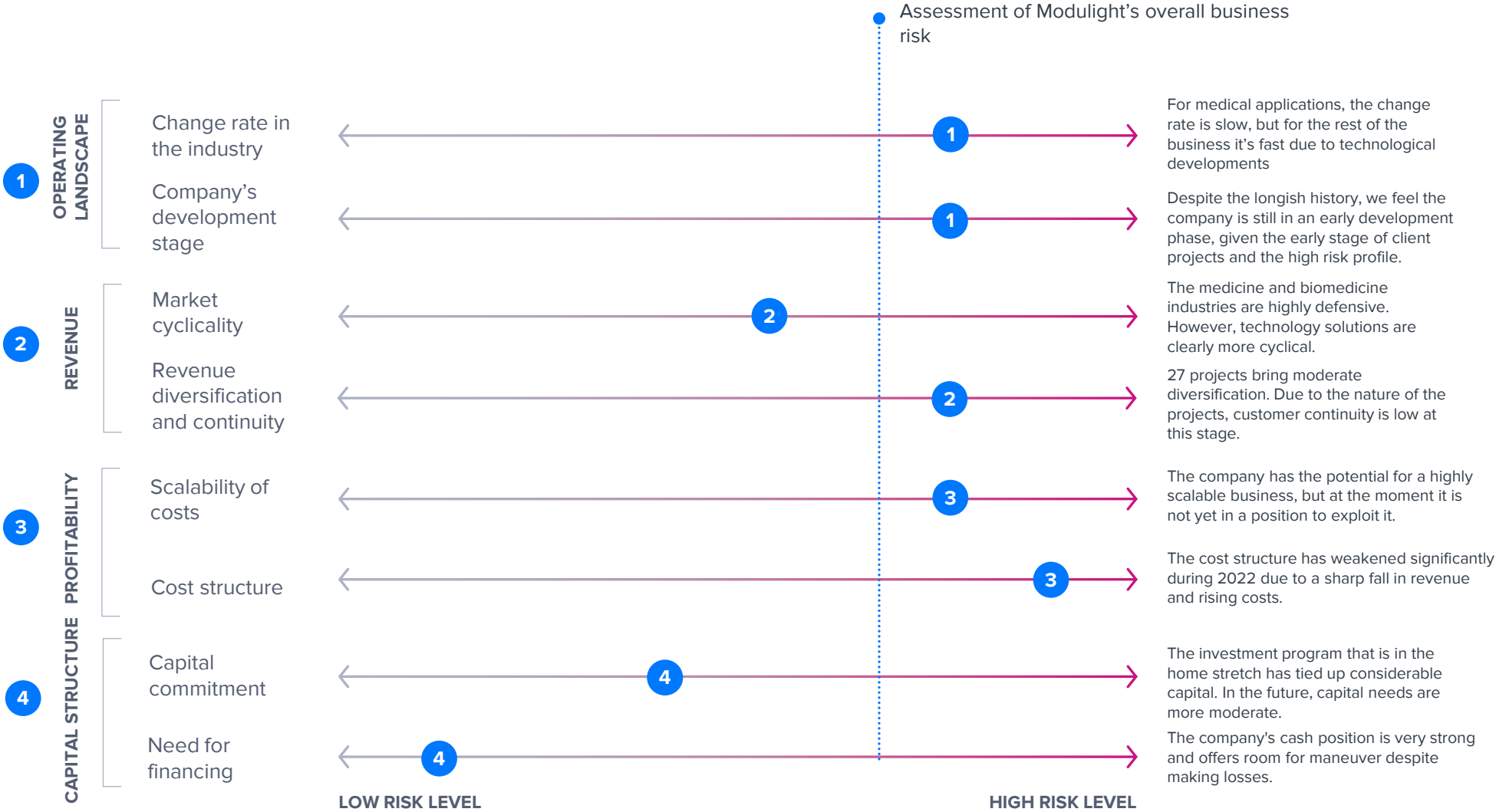
## EV/S ratios



## Share's DCF value with different cost of capital (WACC-%)



# Risk profile of the business model



Source: Inderes

# Valuation table

Valuation	2021	2022	2023e	2024e	2025e	2026e
Share price	11.4	2.95	<b>2.31</b>	<b>2.31</b>	<b>2.31</b>	<b>2.31</b>
Number of shares, millions	42.6	42.6	<b>42.6</b>	<b>42.6</b>	<b>42.6</b>	<b>42.6</b>
Market cap	484	126	<b>98</b>	<b>98</b>	<b>98</b>	<b>98</b>
EV	430	90	<b>68</b>	<b>71</b>	<b>72</b>	<b>69</b>
P/E (adj.)	neg.	neg.	<b>neg.</b>	<b>neg.</b>	<b>&gt;100</b>	<b>36.7</b>
P/E	neg.	neg.	<b>neg.</b>	<b>neg.</b>	<b>&gt;100</b>	<b>36.7</b>
P/FCF	neg.	neg.	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>38.6</b>
P/B	6.4	1.9	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>
P/S	53.3	27.3	<b>10.8</b>	<b>7.8</b>	<b>5.5</b>	<b>4.2</b>
EV/Sales	47.4	19.6	<b>7.5</b>	<b>5.7</b>	<b>4.0</b>	<b>3.0</b>
EV/EBITDA	>100	neg.	<b>neg.</b>	<b>neg.</b>	<b>24.2</b>	<b>11.4</b>
EV/EBIT (adj.)	neg.	neg.	<b>neg.</b>	<b>neg.</b>	<b>&gt;100</b>	<b>21.9</b>
Payout ratio (%)	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>50.0 %</b>
Dividend yield-%	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>1.4 %</b>

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
Carl Zeiss Meditech	10840	11047	27.3	23.5	23.3	20.2	5.2	4.8	38.5	33.4	0.9	1.0	5.0
Coherent Corp	4297	8734	8.7	7.8	6.7	6.2	1.8	1.7	9.3	8.0			0.8
Cutera Inc	409	499		58.4	195.4	17.1	2.0	1.6		30.2			11.8
IPG Photonics Corp	4927	3875	14.6	12.1	11.1	9.5	3.0	2.7	24.0	20.1			2.3
Lumentum	2994	3574	10.5	10.3	8.6	8.4	2.2	2.2	10.1	9.9			2.1
Lumibird SA	308	360	13.9	11.3	9.3	7.7	1.7	1.6	17.3	13.5			1.5
Medtronic	109604	125156	16.8	16.5	14.9	14.9	4.5	4.3	17.2	17.4	3.0	3.1	2.3
Nexstim	24	23				23.1	3.3	2.3		356.0			9.4
nLIGHT	364	266				50.5	1.3	1.1					
Optomed	67	65				86.8	3.8	3.1					4.2
Revenio Group	910	898	27.6	23.6	24.6	21.4	8.2	7.2	36.4	30.7	1.2	1.4	8.7
Stryker	102902	112975	26.7	24.2	23.6	21.8	6.3	5.9	29.9	27.0	1.0	1.0	6.2
Theralase	36	35					48.1	30.6					25.0
Xvivo Perfusion	799	783	117.7	57.3	70.8	40.7	14.3	10.6	120.0	68.6			6.0
<b>Modulight Oyj (Inderes)</b>	<b>98</b>	<b>68</b>	<b>-13.2</b>	<b>-25.0</b>	<b>-26.9</b>	<b>-356.8</b>	<b>7.5</b>	<b>5.7</b>	<b>-19.8</b>	<b>-37.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.6</b>
<b>Average</b>			<b>29.3</b>	<b>24.5</b>	<b>38.8</b>	<b>25.3</b>	<b>7.5</b>	<b>5.7</b>	<b>33.6</b>	<b>55.9</b>	<b>1.5</b>	<b>1.6</b>	<b>6.5</b>
<b>Median</b>			<b>16.8</b>	<b>20.0</b>	<b>19.1</b>	<b>20.2</b>	<b>3.5</b>	<b>2.9</b>	<b>24.0</b>	<b>27.0</b>	<b>1.1</b>	<b>1.2</b>	<b>5.0</b>
<b>Diff-% to median</b>			<b>-178%</b>	<b>-225%</b>	<b>-241%</b>	<b>-1863%</b>	<b>111%</b>	<b>95%</b>	<b>-182%</b>	<b>-237%</b>	<b>-100%</b>	<b>-100%</b>	<b>-69%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	H1'21	H2'21	2021	H1'22	H2'22	2022	H1'23e	H2'23e	2023e	H1'24e	H2'24e	2024e	2025e	2026e
<b>Revenue</b>	<b>4.6</b>	<b>4.5</b>	<b>9.1</b>	<b>2.1</b>	<b>2.5</b>	<b>4.6</b>	<b>4.4</b>	<b>4.7</b>	<b>9.1</b>	<b>5.8</b>	<b>6.8</b>	<b>12.6</b>	<b>17.9</b>	<b>23.2</b>
Group	4.6	4.5	9.1	2.1	2.5	4.6	4.4	4.7	9.1	5.8	6.8	12.6	17.9	23.2
<b>EBITDA</b>	<b>2.6</b>	<b>-2.2</b>	<b>0.4</b>	<b>-2.6</b>	<b>-3.3</b>	<b>-5.9</b>	<b>-1.8</b>	<b>-0.8</b>	<b>-2.5</b>	<b>-0.4</b>	<b>0.2</b>	<b>-0.2</b>	<b>3.0</b>	<b>6.1</b>
Depreciation	0.0	-1.2	-1.2	-0.9	-1.0	-1.9	-1.3	-1.3	-2.6	-1.3	-1.3	-2.7	-2.8	-2.9
<b>EBIT</b>	<b>2.6</b>	<b>-3.4</b>	<b>-0.8</b>	<b>-3.5</b>	<b>-4.3</b>	<b>-7.8</b>	<b>-3.1</b>	<b>-2.1</b>	<b>-5.2</b>	<b>-1.8</b>	<b>-1.1</b>	<b>-2.9</b>	<b>0.2</b>	<b>3.1</b>
Net financial items	-0.1	-4.2	-4.3	-0.9	0.1	-0.8	0.1	0.1	0.2	0.0	0.0	0.2	0.2	0.2
<b>PTP</b>	<b>2.5</b>	<b>-7.6</b>	<b>-5.1</b>	<b>-4.4</b>	<b>-4.2</b>	<b>-8.6</b>	<b>-3.0</b>	<b>-2.0</b>	<b>-5.0</b>	<b>-1.8</b>	<b>-1.1</b>	<b>-2.7</b>	<b>0.4</b>	<b>3.3</b>
Taxes	-0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.7
<b>Net earnings</b>	<b>2.0</b>	<b>-7.1</b>	<b>-5.1</b>	<b>-4.4</b>	<b>-4.2</b>	<b>-8.6</b>	<b>-3.0</b>	<b>-2.0</b>	<b>-5.0</b>	<b>-1.8</b>	<b>-1.1</b>	<b>-2.7</b>	<b>0.3</b>	<b>2.7</b>
<b>EPS (adj.)</b>	<b>0.05</b>	<b>-0.17</b>	<b>-0.12</b>	<b>-0.10</b>	<b>-0.10</b>	<b>-0.20</b>	<b>-0.07</b>	<b>-0.05</b>	<b>-0.12</b>	<b>-0.04</b>	<b>-0.03</b>	<b>-0.06</b>	<b>0.01</b>	<b>0.06</b>
<b>EPS (rep.)</b>	<b>0.05</b>	<b>-0.17</b>	<b>-0.12</b>	<b>-0.10</b>	<b>-0.10</b>	<b>-0.20</b>	<b>-0.07</b>	<b>-0.05</b>	<b>-0.12</b>	<b>-0.04</b>	<b>-0.03</b>	<b>-0.06</b>	<b>0.01</b>	<b>0.06</b>

Key figures	H1'21	H2'21	2021	H1'22	H2'22	2022	H1'23e	H2'23e	2023e	H1'24e	H2'24e	2024e	2025e	2026e	0.00
<b>Revenue growth-%</b>		-55.2 %	-9.8 %	-53.9 %	-44.6 %	-49.3 %	109.2 %	89.9 %	98.7 %	31.4 %	43.3 %	37.6 %	42.0 %	30.2 %	
<b>Adjusted EBIT growth-%</b>		-171.3 %	-116.0 %	-233.6 %	28.5 %	935.2 %	-10.8 %	-51.8 %	-33.5 %	-43.1 %	-47.3 %	-44.8 %	-106.1 %	1696.5 %	
<b>EBITDA-%</b>	57.1 %	-47.8 %	4.9 %	-123.3 %	-133.9 %	-129.0 %	-40.8 %	-15.9 %	-27.8 %	-7.5 %	3.5 %	-1.6 %	16.6 %	26.1 %	
<b>Adjusted EBIT-%</b>	57.1 %	-74.4 %	-8.3 %	-165.7 %	-172.7 %	-169.5 %	-70.7 %	-43.8 %	-56.7 %	-30.6 %	-16.1 %	-22.8 %	1.0 %	13.5 %	
<b>Net earnings-%</b>	44.3 %	-157.0 %	-55.8 %	-208.0 %	-167.3 %	-185.9 %	-68.4 %	-41.7 %	-54.5 %	-30.6 %	-16.1 %	-21.2 %	1.7 %	11.5 %	

Source: Inderes

# Balance sheet

Assets	2021	2022	2023e	2024e	2025e
<b>Non-current assets</b>	<b>15.8</b>	<b>27.7</b>	<b>27.7</b>	<b>27.8</b>	<b>28.0</b>
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	5.5	7.7	7.9	8.1	8.5
Tangible assets	10.3	19.9	19.8	19.7	19.5
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
<b>Current assets</b>	<b>71.7</b>	<b>50.7</b>	<b>43.5</b>	<b>42.1</b>	<b>41.9</b>
Inventories	1.1	2.3	1.8	2.3	2.7
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	7.6	4.5	4.6	5.0	5.5
Cash and equivalents	63.0	43.9	37.1	34.8	33.7
<b>Balance sheet total</b>	<b>87.5</b>	<b>78.3</b>	<b>71.1</b>	<b>69.9</b>	<b>69.9</b>

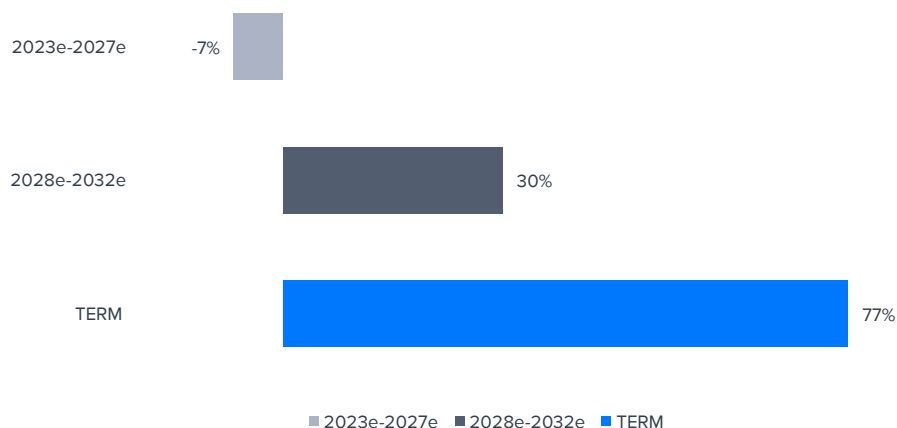
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
<b>Equity</b>	<b>76.2</b>	<b>67.6</b>	<b>62.6</b>	<b>59.9</b>	<b>60.2</b>
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	0.7	-7.8	-12.8	-15.5	-15.2
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	75.3	75.3	75.3	75.3	75.3
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>8.2</b>	<b>6.6</b>	<b>5.0</b>	<b>5.7</b>	<b>5.0</b>
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	8.2	6.6	5.0	5.7	5.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>3.1</b>	<b>4.1</b>	<b>3.6</b>	<b>4.3</b>	<b>4.7</b>
Short term debt	1.3	1.7	2.0	2.1	2.0
Payables	1.8	2.5	1.6	2.1	2.7
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>87.5</b>	<b>78.3</b>	<b>71.1</b>	<b>69.9</b>	<b>69.9</b>

# DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-49.3 %	98.7 %	37.6 %	42.0 %	30.2 %	25.0 %	22.0 %	18.0 %	15.0 %	6.0 %	3.0 %	3.0 %	3.0 %
EBIT-%	-169.5 %	-56.7 %	-22.8 %	1.0 %	13.5 %	22.0 %	24.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %
<b>EBIT (operating profit)</b>	<b>-7.8</b>	<b>-5.2</b>	<b>-2.9</b>	<b>0.2</b>	<b>3.1</b>	<b>6.4</b>	<b>8.5</b>	<b>10.5</b>	<b>12.0</b>	<b>12.7</b>	<b>13.1</b>	<b>13.5</b>	
+ Depreciation	1.9	2.6	2.7	2.8	2.9	2.9	2.9	3.0	3.1	3.2	3.3	3.4	
- Paid taxes	0.0	0.0	0.0	-0.1	-0.7	-1.3	-1.7	-2.1	-2.4	-2.5	-2.6	-2.9	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	
+ 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	0.3	
- Change in working capital	2.6	-0.5	-0.3	-0.4	0.2	-0.5	-0.9	-0.8	-0.4	-0.2	0.0	-0.2	
<b>Operating cash flow</b>	<b>-3.3</b>	<b>-3.1</b>	<b>-0.5</b>	<b>2.6</b>	<b>5.6</b>	<b>7.5</b>	<b>8.8</b>	<b>10.6</b>	<b>12.3</b>	<b>13.2</b>	<b>13.8</b>	<b>14.0</b>	
+ Change in other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-13.7	-2.7	-2.8	-2.9	-3.1	-3.2	-3.4	-3.6	-3.8	-3.9	-4.1	-3.2	
<b>Free operating cash flow</b>	<b>-17.0</b>	<b>-5.7</b>	<b>-3.3</b>	<b>-0.4</b>	<b>2.5</b>	<b>4.3</b>	<b>5.4</b>	<b>7.0</b>	<b>8.5</b>	<b>9.2</b>	<b>9.7</b>	<b>10.8</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-17.0	-5.7	-3.3	-0.4	2.5	4.3	5.4	7.0	8.5	9.2	9.7	10.8	138
<b>Discounted FCFF</b>		<b>-5.3</b>	<b>-2.8</b>	<b>-0.3</b>	<b>1.7</b>	<b>2.6</b>	<b>3.0</b>	<b>3.5</b>	<b>3.8</b>	<b>3.7</b>	<b>3.5</b>	<b>3.5</b>	<b>45.2</b>
Sum of FCFF present value		62.2	67.5	70.3	70.6	68.9	66.2	63.2	59.8	55.9	52.2	48.7	45.2
<b>Enterprise value DCF</b>		<b>62.2</b>											
- Interesting bearing debt		-8.3											
+ Cash and cash equivalents		43.9											
-Minorities		0.0											
-Dividend/capital return		0.0											
<b>Equity value DCF</b>		<b>97.8</b>											
<b>Equity value DCF per share</b>		<b>2.3</b>											

Cash flow distribution



WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	8.0 %
Equity Beta	1.80
Market risk premium	4.75%
Liquidity premium	0.50%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>11.6 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>11.0 %</b>

Source: Inderes

# Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	10.1	9.1	4.6	9.1	12.6	EPS (reported)	0.12	-0.12	-0.20	-0.12	-0.06
EBITDA	5.8	0.4	-5.9	-2.5	-0.2	EPS (adj.)	0.12	-0.12	-0.20	-0.12	-0.06
EBIT	4.7	-0.8	-7.8	-5.2	-2.9	OCF / share	0.14	-0.01	-0.08	-0.07	-0.01
PTP	4.6	-5.1	-8.6	-5.0	-2.7	FCF / share	0.07	-0.23	-0.40	-0.13	-0.08
Net Income	3.7	-5.1	-8.6	-5.0	-2.7	Book value / share	0.31	1.79	1.59	1.47	1.41
Extraordinary items	0.0	0.0	0.0	0.0	0.0	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	19.7	87.5	78.3	71.1	69.9	Revenue growth-%	40%	-10%	-49%	99%	38%
Equity capital	9.6	76.2	67.6	62.6	59.9	EBITDA growth-%	98%	-92%	-1428%	-57%	-92%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	60%	-116%	935%	-33%	-45%
Net debt	3.9	-53.4	-35.6	-30.1	-26.9	EPS (adj.) growth-%	-99%	-198%	69%	-42%	-47%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	57.8 %	4.9 %	-129.0 %	-27.8 %	-1.6 %
EBITDA	5.8	0.4	-5.9	-2.5	-0.2	EBIT (adj.)-%	46.8 %	-8.3 %	-169.5 %	-56.7 %	-22.8 %
Change in working capital	-1.5	-0.9	2.6	-0.5	-0.3	EBIT-%	46.8 %	-8.3 %	-169.5 %	-56.7 %	-22.8 %
Operating cash flow	4.3	-0.4	-3.3	-3.1	-0.5	ROE-%	46.7 %	-11.8 %	-11.9 %	-7.7 %	-4.3 %
CAPEX	-2.1	-9.6	-13.7	-2.7	-2.8	ROI-%	35.0 %	-1.5 %	-9.6 %	-7.1 %	-4.2 %
Free cash flow	2.2	-10.0	-17.0	-5.7	-3.3	Equity ratio	48.6 %	87.0 %	86.3 %	88.0 %	85.7 %
						Gearing	41.1 %	-70.1%	-52.7 %	-48.0 %	-45.0 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	0.4	47.4	19.6	7.5	5.7						
EV/EBITDA (adj.)	0.7	>100	neg.	neg.	neg.						
EV/EBIT (adj.)	0.8	neg.	neg.	neg.	neg.						
P/E (adj.)	0.0	neg.	neg.	neg.	neg.						
P/B	0.0	6.4	1.9	1.6	1.6						
Dividend-%		0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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Date	Recommendation	Target	Share price
15-03-23	Reduce	2.30 €	2.42 €
02-05-23	Reduce	2.30 €	2.31 €



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