

Suominen

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Tulosparannus etenee odotettua hitaammin” published on 5/7/2024 at 6:50 pm EEST.

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Earnings improvement slower than expected

Suominen's first-quarter results missed expectations but were better than the comparison period, and the company reiterated its guidance for adj. EBITDA improvement in 2024 vs. 2023. We have lowered our forecasts for this year and continue to see risks of earnings misses. In our view, the stock is already pricing in some sort of normal earnings, which are well above the current earnings level. We believe it will take until 2025 at the earliest for the company to reach this level. We reiterate our Reduce recommendation and the target price of EUR 2.5.

Q1 result well below our expectations, but improved from a weak comparison period

Suominen's revenue in Q1 decreased by 3% to 114 MEUR, exceeding our expectations (107 MEUR). Sales volumes increased and sales prices fell, but apparently less than we expected. Sales prices typically follow raw material prices, which have already started to rise, but prices were still lower than in the comparison period. Suominen's adjusted EBITDA was 4.5 MEUR, improving year-on-year, but landing well below our forecast of 6.4 MEUR and the company's own expectations, as well as the Q4 result. Adjusted EBITDA was also slightly below the level of the previous two quarters, which we find worrying as the result is still very weak with a net loss.

Guidance for improved EBITDA unchanged, but weak start pushes down forecasts

Suominen reiterated its guidance for this year, i.e., it expects the comparable EBITDA for the whole year to increase (2023: 16 MEUR). Last year, the improvement based on the same wording was less than 1 MEUR and performance was weaker than expected throughout the year. A poor start to 2024 therefore looks set to continue the same trend. With the weak Q1 result, we lowered our 2024 EBITDA forecast by more than 10%. However, our forecast for full-year adjusted EBITDA (25 MEUR) is still well above the 2023 result and calls for a clearly improving result level towards the end of the year. Given the weaker-than-expected Q1 result, we are somewhat concerned about the pace at which Suominen will be able to improve its results this year.

Earnings turnaround starts from a low level but can still be slower than expected

Suominen's results are weak for the third year in a row. We believe the competitive situation is tighter than before the COVID years, as the sector invested heavily in new capacity when demand was high. We believe that this is also reflected in price/margin pressure for Suominen. As Suominen's production is almost entirely in countries with higher cost levels, it is also exposed to competition from cheaper production countries. Although the turnaround seems to have started towards the end of 2023, the performance level is very weak and we still see a risk that the turnaround will be slower than our expectations, as recent quarters have shown.

The share is already pricing normal earnings, we feel the expected return is weak

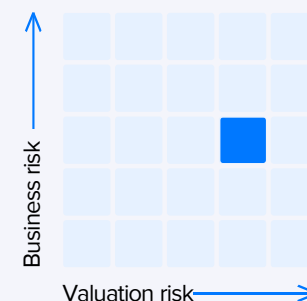
We now feel that Suominen's normal earnings level is around 20 MEUR, which we believe will materialize in 2025-26. At 2025 earnings, the company is valued relatively neutrally (P/E 13x, EV/EBIT 10x), so we see earnings growth in 2024-25 being used to digest the multiples. Considering the limited competitive advantages, we do not believe that the company will be able to achieve a return on capital that is substantially above the required return in the long term, and thus the P/B ratio should be close to 1x, so the 1.2x of 2025 seems a bit high. The expected return will therefore be based solely on the dividend yield, which will remain below 5% in the coming years.

Recommendation

Reduce
(previous Reduce)

EUR 2.50
(previous EUR 2.50)

Share price:
2.55



Key figures

	2023	2024e	2025e	2026e
Revenue	451	456	466	475
growth-%	-9%	1%	2%	2%
EBIT adj.	-2.7	8.2	18.9	19.2
EBIT-% adj.	-0.6 %	1.8 %	4.1 %	4.0 %
Net Income	-12.8	0.5	11.2	12.2
EPS (adj.)	-0.14	0.04	0.19	0.21

P/E (adj.)	neg.	63.2	13.2	12.1
P/B	1.2	1.2	1.2	1.1
Dividend yield-%	3.8 %	3.9 %	3.9 %	4.3 %
EV/EBIT (adj.)	neg.	24.1	10.3	9.9
EV/EBITDA	17.6	8.1	5.3	5.1
EV/S	0.4	0.4	0.4	0.4

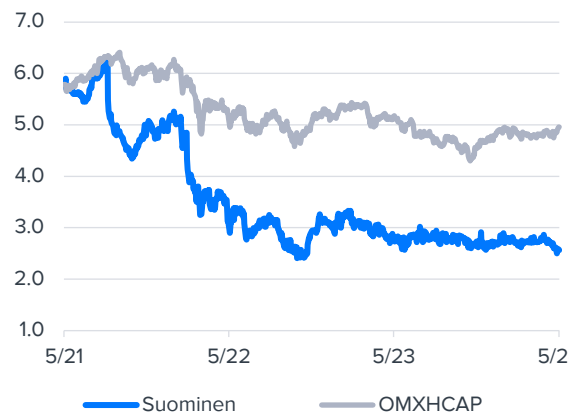
Source: Inderes

Guidance

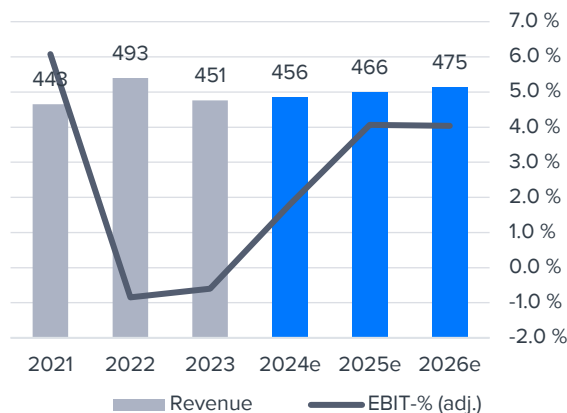
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Suominen expects that its comparable EBITDA in 2024 will increase from 2023. In 2023, Suominen's comparable EBITDA was 15.8 MEUR.

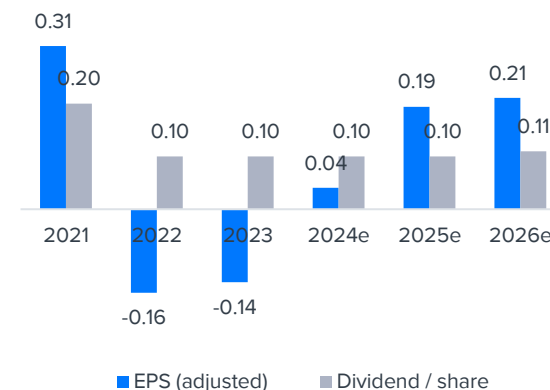
Share price



Revenue and EBIT-%



EPS and dividend



Value drivers

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



Risk factors

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

Valuation	2024e	2025e	2026e
Share price	2.56	2.56	2.56
Number of shares, millions	57.7	57.7	57.7
Market cap	148	148	148
EV	198	196	190
P/E (adj.)	63.2	13.2	12.1
P/E	>100	13.2	12.1
P/FCF	68.1	13.1	10.8
P/B	1.2	1.2	1.1
P/S	0.3	0.3	0.3
EV/Sales	0.4	0.4	0.4
EV/EBITDA	8.1	5.3	5.1
EV/EBIT (adj.)	24.1	10.3	9.9
Payout ratio (%)	1071%	52%	52%
Dividend yield-%	3.9 %	3.9 %	4.3 %

Source: Inderes

Forecasts missed again; year-on-year improvements

Revenue down, but above our expectations

Suominen's revenue in Q1 decreased by 3% to 114 MEUR, exceeding our expectations (107 MEUR). Sales volumes increased and sales prices fell, but apparently less than we expected. Sales prices typically follow raw material prices, which have already started to rise, but prices were still lower than in the comparison period. Regionally, revenue grew in Europe and decreased in the Americas. Currencies had no significant impact on Q1 revenue.

Earnings below expectations, but improved from a very weak comparison period

Suominen's adjusted EBITDA was 4.5 MEUR, improving year-on-year, but landing well below our forecast of 6.4 MEUR and the company's own expectations, as well as the Q4 result. Adjusted EBITDA was also slightly below the level of the

previous two quarters, which we find worrying given that the result is still at a very weak level, EBIT at around zero and net income at a clear loss.

The company sees positive elements in the improvement of its operations, but these are not yet reflected in the bottom line as expected. However, there is no single major driver of improvement in sight, and we believe the expected improvement will be gradual and the sum of many factors.

Cash flow was weak

Suominen's operating cash flow was negative 2 MEUR, compared to positive 3 MEUR in the comparison period. This was mainly due to fluctuations in working capital, which are partly seasonal and partly influenced by the Finnish port strikes. The company's net debt stood at 49 MEUR at the end of the period and net debt to total EBITDA

was around 2.8x, which is still high but in our view not worrisome given the positive earnings trend and the maturity of the financing.

Estimates MEUR / EUR	Q1'23	Q1'24	Q1'24e	Q1'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	117	114	107	113			6%	456
EBITDA (adj.)	2.7	4.5	6.4	6.5			-29%	26.3
EBIT (adj.)	-2.0	-0.1	1.9	1.8			-105%	8.2
EBIT	-2.1	0.1	0.9	-			-89%	6.4
EPS (reported)	-0.07	-0.02	-0.01	0.00			155%	0.01
Revenue growth-%	5.9 %	-2.7 %	-8.0 %	-3.3 %			5.3 pp	1.3 %
EBIT-% (adj.)	-1.7 %	0.1 %	1.7 %	1.6 %			-1.7 pp	1.8 %

Source: Inderes & Bloomberg & Vara Research, 3 analysts (consensus)

2024 forecasts down, 2025-26 earnings forecasts unchanged

Guidance for improved performance reiterated, 2024 forecasts lowered

Suominen reiterated its guidance for this year, i.e., it expects the comparable EBITDA for the whole year to increase (2023: 16 MEUR). Last year, the improvement based on the same wording was less than 1 MEUR and performance was weaker than expected throughout the year. A poor start to 2024 therefore looks set to continue the same trend.

With the weak Q1 result, we lowered our 2024 EBITDA forecast by more than 10%. However, our forecast for full-year adjusted EBITDA (25 MEUR) is still well above the 2023 result and calls for a clearly improving result level towards the end of the year. Given the weaker-than-expected Q1 result, we are somewhat concerned about the pace at which Suominen will be able to improve its results this year.

Longer-term earnings outlook relatively unchanged

We believe that Suominen's competitive situation will be tougher in the coming years than it was before the pandemic years, as the industry invested heavily in new capacity when demand was high. Suominen has said that Europe is now facing import pressure from, e.g., Turkey, China and India. We believe that this is also reflected in price/margin pressure for Suominen. As Suominen's production is almost entirely in countries with higher cost levels, it is also exposed to competition from cheaper production countries. In connection with the Q1 results, Suominen commented that the market environment is not providing much traction, but it is not causing headwinds either.

As both volume and selling price trends have gradually turned upward, we have increased our

revenue forecasts for each of the forecast years. However, at the EBIT level, our forecasts for 2025-26 are unchanged. Bottom rows for 2026 decreased due to the change in financing costs.

We continue to believe that an EBIT level of around 20 MEUR is somewhat normal for Suominen, which we forecast it to reach in 2025-26. However, if the current low performance level continues until the end of 2024, it will become more difficult to reach this level next year.

Estimate revisions MEUR / EUR	2024e	2024e	Change %	2025e	2025e	Change %	2026e	2026e	Change %
	Old	New		Old	New		Old	New	
Revenue	444	456	3%	453	466	3%	462	475	3%
EBITDA	27.5	24.5	-11%	36.7	37.0	1%	37.0	37.3	1%
EBIT (exc. NRIs)	12.5	8.2	-34%	19.0	18.9	0%	19.2	19.2	0%
EBIT	9.5	6.4	-33%	19.0	18.9	0%	19.2	19.2	0%
PTP	3.5	1.4	-59%	15.0	14.9	0%	17.8	16.2	-9%
EPS (excl. NRIs)	0.10	0.04	-58%	0.19	0.19	0%	0.23	0.21	-9%
DPS	0.10	0.10	0%	0.10	0.10	0%	0.11	0.11	0%

Source: Inderes

Valuation is already expecting a much better result

Recommendation at Reduce

Using earnings and balance sheet-based multiples and supported by the DCF model, we reiterate our Reduce recommendation. The estimated earnings improvement will be digesting multiples in the next few years, which means that the investor's expected return mainly consists of dividend yield. Therefore, the expected return is 0-5%.

Valuation neutral to slightly expensive in the 2025s

Due to the poor result, valuation multiples for 2022-24 cannot be calculated or they are high, and we feel the earnings level does not depict the company's normal level. We believe that the company's result will only reach the EUR 20 million EBIT level that we consider normal in 2025-26. For 2025 5x company is valued at 13x P/E and just over 5x EV/EBITDA. We feel Suominen's acceptable valuation multiples in the current interest rate environment are P/E around 10-12x and EV/EBITDA 5-6x. However, the 2025 multiples are still some way off, as they assume a significant improvement in performance from current levels.

Suominen's P/B multiple is around 1.2x for 2024-25. With our estimates the company can deliver a return on capital of around 10% starting from 2025, which is on par or slightly above our required return, so the correct P/B level is around 1x or slightly above in the longer term. In 2024, the return on capital is below our required return. We forecast a dividend yield of just under 4% in 2024-25, which assumes that Suominen will maintain the dividend at the current level even if earnings in 2024 are lower than the dividend in our forecasts.

The value of the DCF model is around EUR 2.5

The value of the DCF model is around EUR 2.5, which is in line with our target price. The model assumes a longer-term EBIT-% of 4.5% and thus an EBIT of EUR 20-25 million. We use a WACC of 8.6% for Suominen, which results in a share capital value of approximately 140 MEUR.

Longer-term return potential is moderate

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

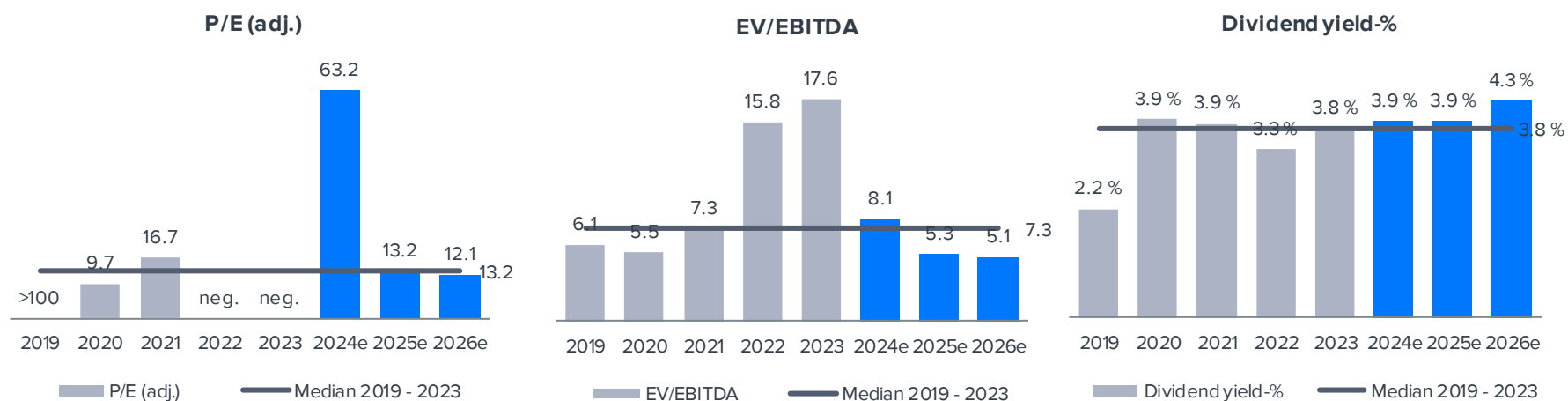
Valuation	2024e	2025e	2026e
Share price	2.56	2.56	2.56
Number of shares, millions	57.7	57.7	57.7
Market cap	148	148	148
EV	198	196	190
P/E (adj.)	63.2	13.2	12.1
P/E	>100	13.2	12.1
P/FCF	68.1	13.1	10.8
P/B	1.2	1.2	1.1
P/S	0.3	0.3	0.3
EV/Sales	0.4	0.4	0.4
EV/EBITDA	8.1	5.3	5.1
EV/EBIT (adj.)	24.1	10.3	9.9
Payout ratio (%)	1071%	52%	52%
Dividend yield-%	3.9 %	3.9 %	4.3 %

Source: Inderes

Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	2.31	5.08	5.18	3.00	2.66	2.56	2.56	2.56	2.56
Number of shares, millions	57.5	57.5	57.5	57.5	57.7	57.7	57.7	57.7	57.7
Market cap	133	292	298	172	153	148	148	148	148
EV	204	334	345	226	197	198	196	190	184
P/E (adj.)	>100	9.7	16.7	neg.	neg.	63.2	13.2	12.1	11.1
P/E	>100	9.7	14.4	neg.	neg.	>100	13.2	12.1	11.1
P/FCF	6.3	5.8	>100	22.4	6.3	68.1	13.1	10.8	10.1
P/B	1.0	2.0	1.8	1.2	1.2	1.2	1.2	1.1	1.1
P/S	0.3	0.6	0.7	0.3	0.3	0.3	0.3	0.3	0.3
EV/Sales	0.5	0.7	0.8	0.5	0.4	0.4	0.4	0.4	0.4
EV/EBITDA	6.1	5.5	7.3	15.8	17.6	8.1	5.3	5.1	4.8
EV/EBIT (adj.)	25.1	8.5	12.8	neg.	neg.	24.1	10.3	9.9	9.0
Payout ratio (%)	1282.8 %	38.2 %	55.4 %	neg.	neg.	1071.0 %	51.5 %	52.1 %	50.0 %
Dividend yield-%	2.2 %	3.9 %	3.9 %	3.3 %	3.8 %	3.9 %	3.9 %	4.3 %	4.5 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Huhtamäki	3968	5322	12.9	12.0	8.5	8.0	1.3	1.2	14.9	13.6	3.0	3.3	1.9
Duni	418	536	8.8	7.5	6.4	5.6	0.8	0.8	10.5	8.8	4.7	5.3	1.2
Sealed Air	4834	8832	11.4	10.5	8.6	8.1	1.8	1.7	12.3	11.0	2.2	2.3	6.0
Riverstone	806	633	9.5	8.6	8.0	7.3	2.8	2.6	15.5	13.9	4.3	4.6	2.2
Berry Plastics	6464	14089	11.5	10.9	7.3	7.1	1.2	1.2	8.0	7.3	1.8	1.8	2.0
Glatfelter	68	816											
Suominen (Inderes)	148	198	24.1	10.3	8.1	5.3	0.4	0.4	63.2	13.2	3.9	3.9	1.2
Average			10.8	9.9	7.8	7.2	1.6	1.5	12.2	10.9	3.2	3.4	2.7
Median			11.4	10.5	8.0	7.3	1.3	1.2	12.3	11.0	3.0	3.3	2.0
Diff-% to median			112%	-1%	1%	-27%	-66%	-65%	414%	20%	29%	20%	-37%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	493	117	113	106	115	451	114	113	112	118	456	466	475	484
EBITDA	14.3	2.6	-1.9	5.0	5.5	11.2	4.7	5.1	6.9	7.8	24.5	37.0	37.3	38.6
Depreciation	-23.2	-4.7	-4.8	-4.4	-4.8	-18.7	-4.6	-4.5	-4.5	-4.5	-18.1	-18.1	-18.1	-18.1
EBIT (excl. NRI)	-4.2	-2.0	-2.1	0.7	0.7	-2.7	-0.1	1.6	2.9	3.8	8.2	18.9	19.2	20.5
EBIT	-9.0	-2.1	-6.7	0.6	0.7	-7.5	0.1	0.6	2.4	3.3	6.4	18.9	19.2	20.5
Net financial items	-2.9	-1.5	-1.3	-1.2	-2.0	-6.0	-0.8	-1.5	-1.2	-1.5	-5.0	-4.0	-2.9	-2.7
PTP	-11.9	-3.6	-8.0	-0.6	-1.3	-13.5	-0.7	-0.9	1.2	1.8	1.4	14.9	16.2	17.8
Taxes	-2.0	-0.3	-0.2	1.3	-0.1	0.7	-0.3	0.3	-0.3	-0.5	-0.9	-3.7	-4.1	-4.4
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	-13.9	-3.9	-8.2	0.8	-1.4	-12.8	-1.0	-0.7	0.9	1.3	0.5	11.2	12.2	13.3
EPS (adj.)	-0.16	-0.07	-0.06	0.01	-0.02	-0.14	-0.02	0.01	0.02	0.03	0.04	0.19	0.21	0.23
EPS (rep.)	-0.24	-0.07	-0.14	0.01	-0.02	-0.22	-0.02	-0.01	0.02	0.02	0.01	0.19	0.21	0.23
Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	11.3 %	5.9 %	-4.5 %	-19.4 %	-13.7 %	-8.6 %	-2.7 %	0.0 %	5.1 %	3.0 %	1.3 %	2.0 %	2.0 %	2.0 %
Adjusted EBIT growth-%	-115.4 %	57.7 %	-27.7 %	246.5 %	-456.0 %	-34.6 %	-95%	-175%	317%	464%	-403%	130%	1.3 %	7.0 %
EBITDA-%	2.9 %	2.2 %	-1.7 %	4.7 %	4.8 %	2.5 %	4.1 %	4.5 %	6.2 %	6.6 %	5.4 %	8.0 %	7.8 %	8.0 %
Adjusted EBIT-%	-0.8 %	-1.7 %	-1.9 %	0.7 %	0.6 %	-0.6 %	-0.1 %	1.4 %	2.6 %	3.2 %	1.8 %	4.1 %	4.0 %	4.2 %
Net earnings-%	-2.8 %	-3.3 %	-7.3 %	0.7 %	-1.2 %	-2.8 %	-0.9 %	-0.6 %	0.8 %	1.1 %	0.1 %	2.4 %	2.6 %	2.8 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	154	148	145	145	145
Goodwill	15.5	15.5	15.5	15.5	15.5
Intangible assets	9.7	6.1	6.2	6.3	6.4
Tangible assets	128	124	121	121	121
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.5	0.5	0.5	0.5	0.5
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.7	2.0	1.7	1.7	1.7
Current assets	189	168	137	142	145
Inventories	63.3	37.9	41.1	44.2	45.1
Other current assets	9.6	9.4	9.4	9.4	9.4
Receivables	66.6	62.3	59.3	60.5	61.7
Cash and equivalents	49.5	58.8	27.4	27.9	28.5
Balance sheet total	343	316	282	287	289

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	146	125	120	125	132
Share capital	11.9	11.9	11.9	11.9	11.9
Retained earnings	30.7	12.3	7.0	12.5	18.9
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	103	101	101	101	101
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	74.6	69.4	83.4	81.7	77.0
Deferred tax liabilities	11.7	9.4	9.4	9.4	9.4
Provisions	2.0	0.6	2.0	2.0	2.0
Interest bearing debt	60.5	59.2	71.8	70.1	65.4
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.4	0.2	0.2	0.2	0.2
Current liabilities	123	122	78.8	80.0	80.8
Interest bearing debt	42.9	43.1	6.3	6.1	5.6
Payables	79.8	75.1	68.5	69.8	71.2
Other current liabilities	0.3	4.0	4.0	4.0	4.0
Balance sheet total	344	317	282	287	289

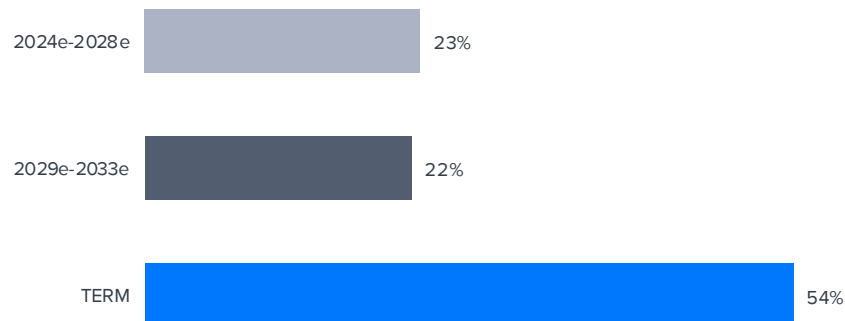
DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-8.6 %	1.3 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	-1.7 %	1.4 %	4.1 %	4.0 %	4.2 %	4.5 %	4.5 %	4.5 %	4.5 %	4.5 %	4.5 %	4.5 %
EBIT (operating profit)	-7.5	6.4	18.9	19.2	20.5	22.2	22.7	23.1	23.6	24.1	24.6	
+ Depreciation	18.7	18.1	18.1	18.1	18.1	18.1	18.1	18.0	18.5	18.1	18.1	
- Paid taxes	-2.9	-0.5	-3.7	-4.1	-4.4	-4.9	-5.0	-5.1	-5.2	-5.4	-5.5	
- Tax, financial expenses	-0.3	-1.3	-1.0	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	28.9	-6.9	-3.0	-0.7	-0.7	-0.7	-0.7	-0.8	-0.8	-0.8	-0.8	
Operating cash flow	36.8	15.9	29.3	31.8	32.8	34.0	34.3	34.6	35.4	35.4	35.7	
+ Change in other long-term liabilities	-1.6	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-10.8	-15.1	-18.1	-18.1	-18.1	-18.1	-18.1	-22.1	-15.9	-18.0	-20.7	
Free operating cash flow	24.4	2.2	11.2	13.7	14.7	15.9	16.2	12.5	19.5	17.4	15.0	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	24.4	2.2	11.2	13.7	14.7	15.9	16.2	12.5	19.5	17.4	15.0	232
Discounted FCFF		2.1	9.8	11.0	10.8	10.8	10.2	7.2	10.4	8.5	6.7	105
Sum of FCFF present value		192	190	180	169	159	148	138	130	120	111	105
Enterprise value DCF		192										
- Interest bearing debt		-102										
+ Cash and cash equivalents		59										
-Minorities		0.0										
-Dividend/capital return		-5.8										
Equity value DCF		143										
Equity value DCF per share		2.5										

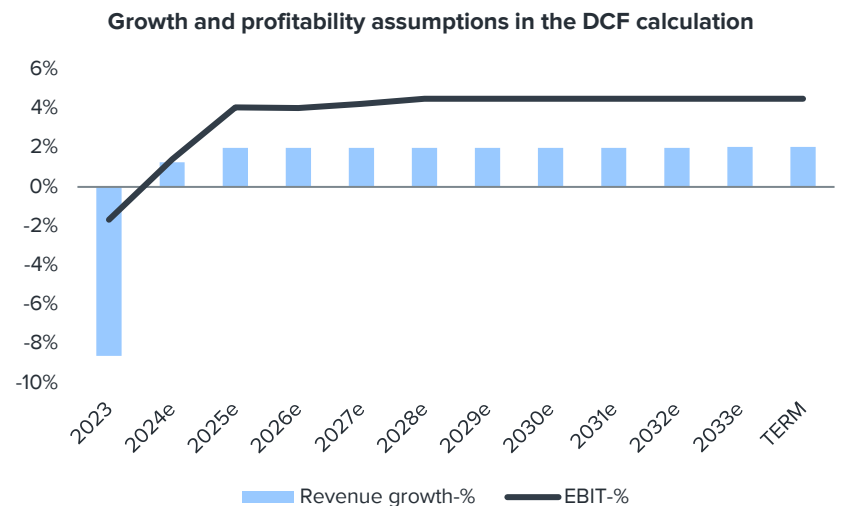
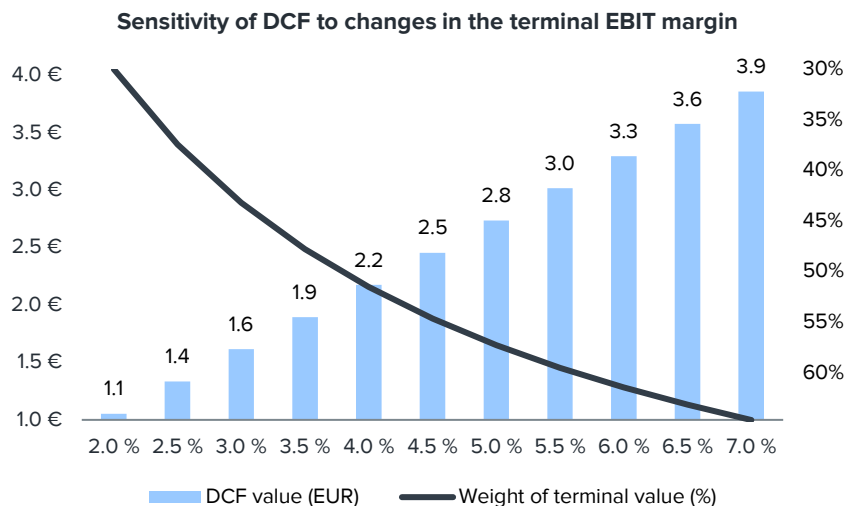
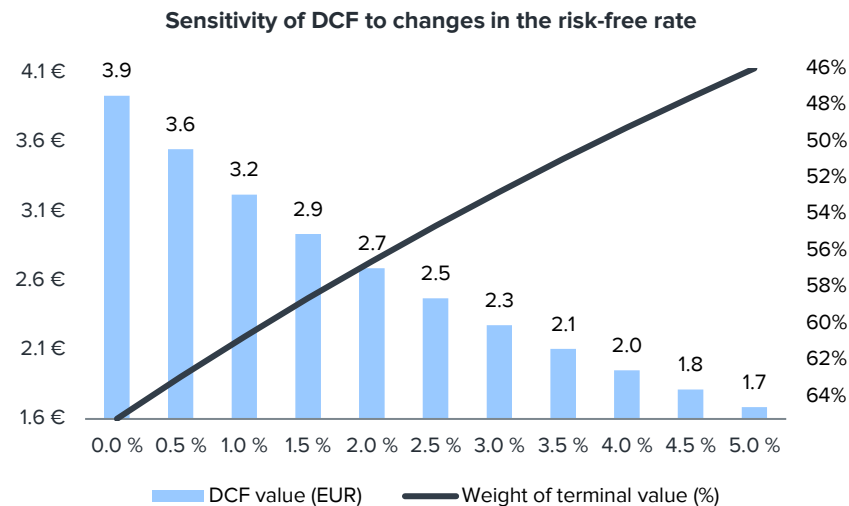
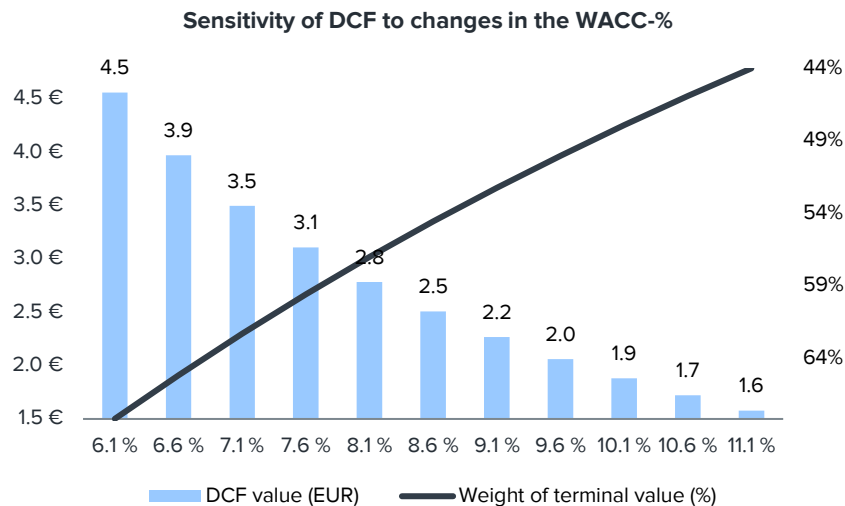
WACC	
Tax-% (WACC)	25.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.0 %
Equity Beta	1.32
Market risk premium	4.75%
Liquidity premium	1.25%
Risk free interest rate	2.5 %
Cost of equity	10.0 %
Weighted average cost of capital (WACC)	8.6 %

Source: Inderes

Cash flow distribution



DCF sensitivity calculations and key assumptions in graphs



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

Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	443.2	493.3	450.8	456.5	465.6	EPS (reported)	0.36	-0.24	-0.22	0.01	0.19
EBITDA	47.0	14.3	11.2	24.5	37.0	EPS (adj.)	0.31	-0.16	-0.14	0.04	0.19
EBIT	26.9	-9.0	-7.5	6.4	18.9	OCF / share	0.34	0.31	0.64	0.28	0.51
PTP	26.6	-11.9	-13.5	1.4	14.9	FCF / share	0.03	0.13	0.42	0.04	0.19
Net Income	20.7	-13.9	-12.8	0.5	11.2	Book value / share	2.84	2.54	2.17	2.07	2.17
Extraordinary items	0.0	-4.8	-4.8	-1.8	0.0	Dividend / share	0.20	0.10	0.10	0.10	0.10
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	386.7	343.5	316.4	281.9	286.7	Revenue growth-%	-3%	11%	-9%	1%	2%
Equity capital	163.2	146.0	124.9	119.7	125.1	EBITDA growth-%	-23%	-70%	-22%	119%	51%
Goodwill	15.5	15.5	15.5	15.5	15.5	EBIT (adj.) growth-%	-32%	-115%	-35%	-403%	130%
Net debt	47.8	53.9	43.5	50.7	48.3	EPS (adj.) growth-%	-41%	-151%	-12%	-129%	379%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	10.6 %	2.9 %	2.5 %	5.4 %	8.0 %
EBITDA	47.0	14.3	11.2	24.5	37.0	EBIT (adj.)-%	6.1 %	-0.8 %	-0.6 %	1.8 %	4.1 %
Change in working capital	-24.7	6.0	28.9	-6.9	-3.0	EBIT-%	6.1 %	-1.8 %	-1.7 %	1.4 %	4.1 %
Operating cash flow	19.4	17.7	36.8	15.9	29.3	ROE-%	13.4 %	-9.0 %	-9.4 %	0.4 %	9.2 %
CAPEX	-17.6	-9.8	-10.8	-15.1	-18.1	ROI-%	9.7 %	-3.2 %	-3.2 %	3.0 %	9.5 %
Free cash flow	1.8	7.7	24.4	2.2	11.2	Equity ratio	42.2 %	42.5 %	39.5 %	42.5 %	43.6 %
						Gearing	29.3 %	36.9 %	34.8 %	42.4 %	38.6 %

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



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