

# COMPONENTA OYJ

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**COMPANY REPORT**



# Unfortunate, but not very surprising

Componenta's negative profit warning was not a complete surprise given the difficult operating environment. Our earnings forecast cuts are significant in percentage terms, but not so much in euros. Even with our reduced forecasts, the stock is cheap after Tuesday's decline. Therefore, we maintain our Accumulate recommendation. Due to the changed earnings expectations in the near term, we are lowering the target price to EUR 2.90 (3.30).

## Pressure on the old guidance increased during the fall

Componenta's negative profit warning has been slow to mature, given the continued challenging operating environment and the fact that the previous 2024 guidance was challenging from the get-go. Componenta now expects 2024 revenue and comparable EBITDA to be below the 2023 level, compared to the previously expected increase. Contrary to earlier expectations, order intake and order book are declining for the rest of the year. This is due to continued weak customer demand, changes in production plans and the postponement of Componenta's deliveries until mid-2025, as well as ongoing strikes and preparations for them in Finland. The reduction in the 2024 EBITDA guidance is a direct consequence of the reduction in volume expectations.

We have updated our 2024 revenue forecast, and the reductions have impacted revenue across virtually all customer groups. Our new forecast implies a -4% year-on-year decline in revenue. We now expect comparable EBITDA for 2024 to be 4.0 MEUR (margin 4.1%) when our previous forecast was 5.7 MEUR (margin 5.6%) and actual level of 5.3 MEUR in 2023 (margin 5.2%). Due to a shift in customer deliveries, we have lowered our revenue forecast for 2025 by -2%, and Componenta's relatively

high operating leverage means that the negative changes in the bottom lines of the income statement are larger. The forecast changes for 2026 are already quite marginal.

## Long-term approach and patience required

Componenta's profit warnings are not unusual, as Tuesday's is the third in just over a year. Repeated profit warnings keep the company's short-term predictability low and raise its risk profile. However, we do not see this as undermining Componenta's strengths, which are strong relationships with strong customers, improved cost flexibility and a strong cash flow profile. However, investors should be prepared for a rather long wait for positive price drivers, as Componenta will not report its Q4 results until March 2025. By then at the latest, we hope to see 1) improved signals on the market outlook for Componenta's key customers, 2) the smooth integration of the Fortaco acquisition, and 3) the start of the delivery ramp-up for the large order from the Finnish Defense Forces.

According to our calculations, the expected total return on Componenta's share clearly exceeds the required return. With the 2025 EV/EBIT calculation, the total return is 16% p.a., which is above the ROE requirement of 12%. With a P/E-based calculation, the total expected return is 17% p.a. and overall, the risk-adjusted return on the share is attractive. All of Componenta's key valuation multiples for 2025 are well below the peer group median: The discount of EV/EBITDA, EV/EBIT and P/E multiples is 32-60%, clearly more than the 20-30% we believe is justified. The DCF model indicates a whopping 77% upside for the share.

## Recommendation

### Accumulate

(was Accumulate)

### EUR 2.90

(was EUR 3.30)

### Share price:

2.43

## Business risk



## Valuation risk



	2023	2024e	2025e	2026e
Revenue	101.8	98.2	117.7	135.1
growth-%	-7%	-4%	20%	15%
EBIT adj.	-0.5	-1.5	4.2	7.1
EBIT-% adj.	-0.5 %	-1.5 %	3.6 %	5.2 %
Net income	1.5	-0.8	2.4	5.5
EPS (adj.)	-0.28	-0.38	0.25	0.57
P/E (adj.)	>100	>100	9.8	4.3
P/B	0.9	1.0	0.9	0.7
Dividend yield-%	0.0 %	0.0 %	4.9 %	9.9 %
EV/EBIT (adj.)	neg.	neg.	8.4	4.4
EV/EBITDA	6.0	5.6	3.4	2.4
EV/S	0.3	0.4	0.3	0.2

Source: Inderes

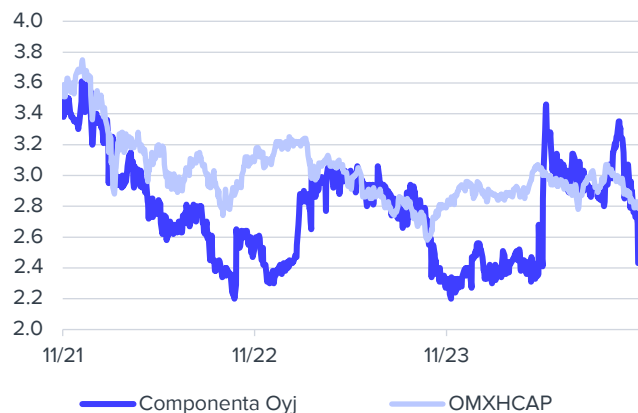
## Guidance

(Downgraded)

Componenta expects the Group's revenue in 2024 to be lower than the previous year. The EBITDA from the operational business is expected also to be lower than the previous year, but taking into account non-recurring items, the EBITDA is expected to improve from the previous year.

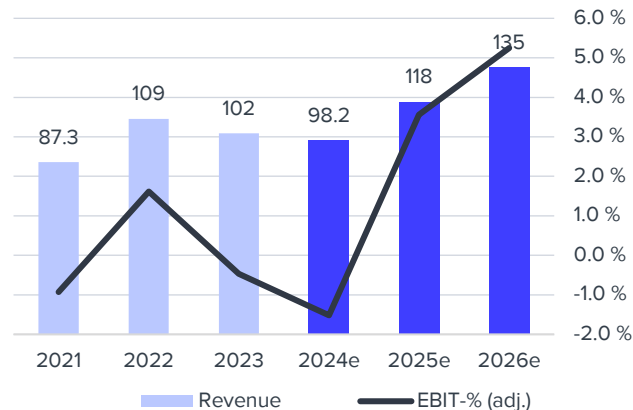


## Share price



Source: Millstream Market Data AB

## Revenue and EBIT-%



Source: Inderes

## EPS and dividend



Source: Inderes

## Value drivers

- Customer sector risk highly diversified
- Long-term customer relationships with global OEMs
- Cost changes can be quickly transferred to own prices
- Valuation has a lot of historical baggage

## Risk factors

- Traditionally low-margin sector
- Customer sectors individually cyclical
- One big customer dependency

Valuation	2024e	2025e	2026e
Share price	2.43	2.43	2.43
Number of shares, millions	9.71	9.71	9.71
Market cap	24	24	24
EV	39	35	31
P/E (adj.)	>100	9.8	4.3
P/E	>100	9.8	4.3
P/B	1.0	0.9	0.7
P/S	0.2	0.2	0.2
EV/Sales	0.4	0.3	0.2
EV/EBITDA	5.6	3.4	2.4
EV/EBIT (adj.)	neg.	8.4	4.4
Payout ratio (%)	0.0 %	48.3 %	42.3 %
Dividend yield-%	0.0 %	4.9 %	9.9 %

Source: Inderes



# Pressure on the old guidance increased during the fall

## Not all that surprising

Componenta's negative profit warning was not a complete surprise given the difficult operating environment. Our earnings forecast cuts are significant in percentage terms, but not so much in euros.

## Q4 volumes to miss expectations

Componenta's negative profit warning has been slow to mature, given the continued challenging operating environment and the fact that the previous 2024 guidance was challenging from the get-go, especially in terms of revenue. Componenta now expects 2024 revenue and comparable EBITDA to be below the 2023 level, compared to the previously expected year-on-year increase. According to Componenta, order intake and order book are declining for the rest of the year. The reasons for this are 1) continued weak demand from customers (as indicated in e.g. Deere's Q4 report on the tractor market); 2) changes in

customers' production plans and the resulting postponement of Componenta's deliveries until mid-2025; and 3) strikes related to the ongoing industrial wage negotiations and preparing for them in Finland.

According to Componenta, the lowering of the 2024 EBITDA guidance is a direct consequence of lower volume expectations. We believe that the operations have been undisturbed.

## A one-off boost to the Q4 result

Componenta's reported 2024 results will be supported by a 2.9 MEUR fair value adjustment of the assets transferred in the Fortaco acquisition. The fair value of the acquired net assets of the Kalajoki mill and the Sepänkylä machining and service center at the date of acquisition was 5.3 MEUR, while the cost of the transaction was 2.4 MEUR. The difference is recognized in other operating income in Componenta's Q4 income statement. This item has no cash flow impact.

## Percentage cuts quite large, but small in euro terms

We have updated our 2024 revenue forecast, and the reductions have impacted revenue across virtually all customer groups. Our new forecast implies a -4% year-on-year decline in revenue. We now expect comparable EBITDA for 2024 to be 4.0 MEUR (margin 4.1%) when our previous forecast was 5.7 MEUR (margin 5.6%) and actual level 5.3 MEUR in 2023 (margin 5.2%). Due to a shift in customer deliveries, we have lowered our revenue forecast for 2025 by -2%, and Componenta's relatively high operating leverage means that the negative changes in the bottom lines of the income statement are larger. The forecast changes for 2026 are already quite marginal.

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	102	98.2	-4%	121	118	-2%	136	135	-1%
EBITDA	5.7	6.9	21%	10.9	10.2	-6%	13.6	13.3	-3%
EBIT (excl. NRIs)	0.2	-1.5	-839%	4.8	4.2	-14%	7.5	7.1	-5%
EBIT	0.2	1.4	599%	4.8	4.2	-14%	7.5	7.1	-5%
PTP	-2.1	-0.8	62%	3.0	2.4	-20%	5.8	5.5	-5%
EPS (excl. NRIs)	-0.21	-0.38	-78%	0.31	0.25	-20%	0.60	0.57	-5%
DPS	0.00	0.00		0.14	0.12	-14%	0.25	0.24	-4%

Source: Inderes





# Long-term approach and patience required

## Profit warning does not undermine the company's strengths

Componenta's profit warnings are not unusual, as Tuesday's is the third in just over a year. The message in the press release also had the same tone as the warning a year ago, i.e., a slowdown in customer decision-making and delays in deliveries. Repeated profit warnings make Componenta's short-term (<12 months) predictability rather low and increase its risk profile. However, we do not see this as undermining Componenta's strengths, which are strong relationships with strong customers, cost flexibility that has improved significantly from historical levels, and a strong cash flow profile.

Even with our reduced forecasts, Componenta appears cheap after Tuesday's decline (-10%). We therefore maintain our Accumulate recommendation on the stock. Due to the changed earnings expectations in the near term, we are lowering the target price to EUR 2.90 (3.30). However, investors should be prepared for a rather long wait for positive price drivers, as Componenta will not report its Q4 results until March 7, 2025. By then at the latest, we hope to see 1) increasingly positive signals on the market outlook for Componenta's key customers, 2) the smooth integration of the Fortaco acquisition, and 3) the start of the delivery ramp-up for the large order from the Finnish Defense Forces.

## Risk-adjusted expected return is solid

According to our calculations, the total expected return on Componenta's share (upside potential based on earnings growth and expected change in valuation multiples plus dividend yield) clearly exceeds the required return. With the 2025 EV/EBIT calculation (EV/EBIT = 9x), the total return is 16% p.a. (upside

potential 12 % and dividend yield 4%), which exceeds the ROE requirement of 12%. With a P/E-based calculation (2025e P/E = 11x), the total expected return is at 17% p.a. (upside potential 13% and dividend yield 4%). Overall, the stock's risk-adjusted return is attractive.

## Discount to peers is unjustifiably high

All of Componenta's key valuation multiples for 2025 are well below the peer group median. The discount of EV/EBITDA, EV/EBIT and P/E multiples is 32-60%, clearly more than the 20-30% we believe is justified. All in all, the stock is also cheaply priced on a peer basis.

## Substantial upside to the DCF value

The DCF model indicates Componenta a share value of EUR 4.3, with an upside of 77%. The parameters of the DCF model involve a substantial leverage effect in both directions, but overall, the upside is significant. A more detailed calculation can be found in the appendices.

Valuation	2024e	2025e	2026e
Share price	2.43	2.43	2.43
Number of shares, millions	9.71	9.71	9.71
Market cap	24	24	24
EV	39	35	31
P/E (adj.)	>100	9.8	4.3
P/E	>100	9.8	4.3
P/B	1.0	0.9	0.7
P/S	0.2	0.2	0.2
EV/Sales	0.4	0.3	0.2
EV/EBITDA	5.6	3.4	2.4
EV/EBIT (adj.)	neg.	8.4	4.4
Payout ratio (%)	0.0 %	48.3 %	42.3 %
Dividend yield-%	0.0 %	4.9 %	9.9 %

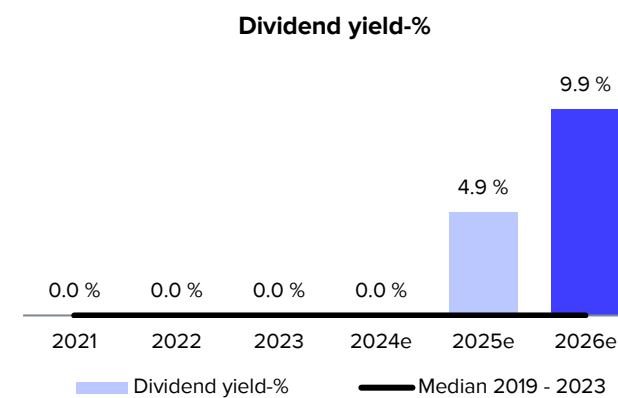
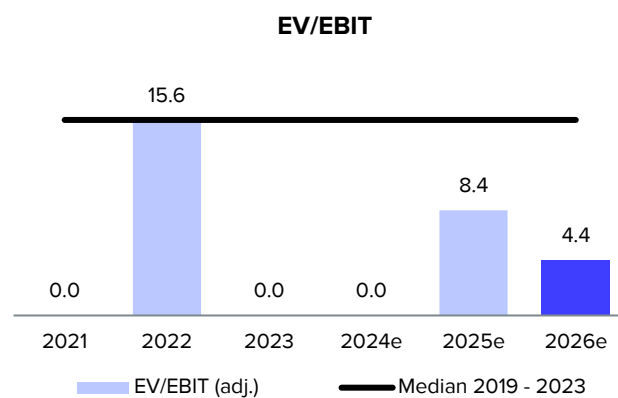
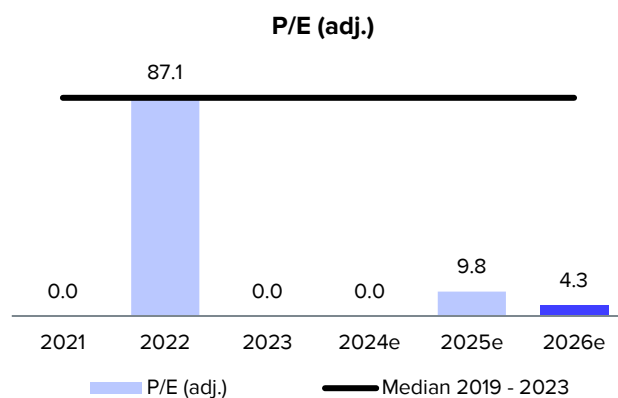
Source: Inderes



# Valuation table

Valuation	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	3.16	3.34	2.34	2.35	<b>2.43</b>	<b>2.43</b>	<b>2.43</b>	<b>2.43</b>
Number of shares, millions	9.49	9.52	9.71	9.71	<b>9.71</b>	<b>9.71</b>	<b>9.71</b>	<b>9.71</b>
Market cap	30	32	23	23	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>
EV	27	39	28	32	<b>39</b>	<b>35</b>	<b>31</b>	<b>27</b>
P/E (adj.)	>100	>100	87.1	>100	<b>&gt;100</b>	<b>9.8</b>	<b>4.3</b>	<b>3.4</b>
P/E	>100	>100	>100	14.7	<b>&gt;100</b>	<b>9.8</b>	<b>4.3</b>	<b>3.4</b>
P/B	1.3	1.4	1.0	0.9	<b>1.0</b>	<b>0.9</b>	<b>0.7</b>	<b>0.7</b>
P/S	0.4	0.4	0.2	0.2	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
EV/Sales	0.4	0.4	0.3	0.3	<b>0.4</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>
EV/EBITDA	7.3	7.8	3.9	6.0	<b>5.6</b>	<b>3.4</b>	<b>2.4</b>	<b>1.9</b>
EV/EBIT (adj.)	neg.	neg.	15.6	neg.	<b>neg.</b>	<b>8.4</b>	<b>4.4</b>	<b>3.3</b>
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>48.3 %</b>	<b>42.3 %</b>	<b>49.0 %</b>
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>4.9 %</b>	<b>9.9 %</b>	<b>14.4 %</b>

Source: Inderes



# Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Norrhydro	20	20		20.1	10.0	10.0	0.7	0.6					2.4
Castings plc	132	115	4.8	10.8	3.4	5.2	0.4	0.6	7.0	14.7	7.0	7.3	
Georg Fischer	5699	7964	17.0	16.2	12.7	12.3	1.5	1.7	20.4	16.8	2.0	2.2	46.0
ElringKlinger	241	629	20.5	7.0	3.5	3.1	0.4	0.4		5.4	4.1	5.3	0.3
Kesla	12	24	24.3	12.1	12.1	8.1	0.6	0.5		9.0	1.5	4.1	1.0
Ponsse	602	646	18.2	13.0	9.3	7.8	0.9	0.9	45.5	16.9	2.2	3.0	1.9
Wärtsilä	10204	9807	14.6	12.6	11.9	10.6	1.5	1.4	21.1	18.3	2.4	2.8	4.1
AGCO	7078	10321	10.5	11.7	8.2	9.1	0.9	1.0	13.4	15.6	3.4	2.2	1.8
<b>Componenta Oyj (Inderes)</b>	<b>24</b>	<b>39</b>	<b>-25.9</b>	<b>8.4</b>	<b>5.6</b>	<b>3.4</b>	<b>0.4</b>	<b>0.3</b>	<b>n.a.</b>	<b>9.8</b>	<b>0.0</b>	<b>4.9</b>	<b>1.0</b>
<b>Average</b>			<b>15.7</b>	<b>12.9</b>	<b>8.9</b>	<b>8.3</b>	<b>0.9</b>	<b>0.9</b>	<b>21.5</b>	<b>13.8</b>	<b>3.2</b>	<b>3.8</b>	<b>8.2</b>
<b>Median</b>			<b>17.0</b>	<b>12.3</b>	<b>9.6</b>	<b>8.6</b>	<b>0.8</b>	<b>0.7</b>	<b>20.4</b>	<b>15.6</b>	<b>2.4</b>	<b>3.0</b>	<b>1.9</b>
<b>Diff-% to median</b>			<b>-252%</b>	<b>-32%</b>	<b>-42%</b>	<b>-60%</b>	<b>-51%</b>	<b>-59%</b>		<b>-37%</b>	<b>-100%</b>	<b>64%</b>	<b>-49%</b>

Source: Refinitiv / Inderes



# Income statement

Income statement	2021	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
<b>Revenue</b>	<b>87.3</b>	<b>109</b>	<b>102</b>	<b>23.6</b>	<b>26.4</b>	<b>20.3</b>	<b>27.9</b>	<b>98.2</b>	<b>118</b>	<b>135</b>	<b>143</b>
Group	87.3	109	102	23.6	26.4	20.3	27.9	98.2	118	135	143
<b>EBITDA</b>	<b>5.0</b>	<b>7.1</b>	<b>5.3</b>	<b>-0.2</b>	<b>2.1</b>	<b>1.2</b>	<b>3.8</b>	<b>6.9</b>	<b>10.2</b>	<b>13.3</b>	<b>14.4</b>
Depreciation	-4.9	-5.5	-1.5	-1.6	-1.2	-1.3	-1.5	-5.5	-6.1	-6.2	-6.3
<b>EBIT (excl. NRI)</b>	<b>-0.8</b>	<b>1.8</b>	<b>-0.5</b>	<b>-1.7</b>	<b>0.9</b>	<b>-0.1</b>	<b>-0.6</b>	<b>-1.5</b>	<b>4.2</b>	<b>7.1</b>	<b>8.2</b>
<b>EBIT</b>	<b>0.0</b>	<b>1.6</b>	<b>3.8</b>	<b>-1.7</b>	<b>0.9</b>	<b>-0.1</b>	<b>2.3</b>	<b>1.4</b>	<b>4.2</b>	<b>7.1</b>	<b>8.2</b>
Konserni	0.0	1.6	3.8	-1.7	0.9	-0.1	2.3	1.4	4.2	7.1	8.2
Share of profits in assoc. compan.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-0.4	-1.7	-2.2	-0.5	-0.6	-0.6	-0.4	-2.2	-1.8	-1.6	-1.2
<b>PTP</b>	<b>-0.4</b>	<b>-0.1</b>	<b>1.6</b>	<b>-2.3</b>	<b>0.3</b>	<b>-0.7</b>	<b>1.9</b>	<b>-0.8</b>	<b>2.4</b>	<b>5.5</b>	<b>6.9</b>
Taxes	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net earnings</b>	<b>-0.4</b>	<b>0.1</b>	<b>1.5</b>	<b>-2.3</b>	<b>0.3</b>	<b>-0.7</b>	<b>1.9</b>	<b>-0.8</b>	<b>2.4</b>	<b>5.5</b>	<b>6.9</b>
<b>EPS (adj.)</b>	<b>-0.13</b>	<b>0.03</b>	<b>-0.28</b>	<b>-0.23</b>	<b>0.03</b>	<b>-0.07</b>	<b>-0.11</b>	<b>-0.38</b>	<b>0.25</b>	<b>0.57</b>	<b>0.71</b>
<b>EPS (rep.)</b>	<b>-0.04</b>	<b>0.01</b>	<b>0.16</b>	<b>-0.23</b>	<b>0.03</b>	<b>-0.07</b>	<b>0.19</b>	<b>-0.08</b>	<b>0.25</b>	<b>0.57</b>	<b>0.71</b>

Key figures	2021	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
<b>Revenue growth-%</b>	24.6 %	25.0 %	-6.7 %	-23.3 %	-10.4 %	1.7 %	29.0 %	-3.5 %	19.8 %	14.8 %	5.5 %
<b>Adjusted EBIT growth-%</b>		-318.4 %	-126.8 %	-224.6 %	-18.7 %	-91.0 %	-68.8 %	215.2 %	-380.8 %	69.4 %	14.9 %
<b>EBITDA-%</b>	5.7 %	6.5 %	5.2 %	-0.6 %	7.8 %	6.0 %	13.5 %	7.0 %	8.7 %	9.8 %	10.1 %
<b>Adjusted EBIT-%</b>	-0.9 %	1.6 %	-0.5 %	-7.3 %	3.5 %	-0.5 %	-2.2 %	-1.5 %	3.6 %	5.2 %	5.7 %
<b>Net earnings-%</b>	-0.5 %	0.1 %	1.5 %	-9.6 %	1.1 %	-3.3 %	6.7 %	-0.8 %	2.0 %	4.1 %	4.9 %

Source: Inderes





# Balance sheet

Assets	2022	2023	2024e	2025e	2026e
<b>Non-current assets</b>	<b>32.8</b>	<b>36.6</b>	<b>38.6</b>	<b>38.6</b>	<b>38.7</b>
Goodwill	3.2	3.2	3.2	3.2	3.2
Intangible assets	2.0	2.0	2.1	2.2	2.2
Tangible assets	27.0	31.0	32.9	32.8	32.8
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	0.5	0.4	0.5	0.5	0.5
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
<b>Current assets</b>	<b>25.8</b>	<b>20.7</b>	<b>22.7</b>	<b>25.7</b>	<b>29.5</b>
Inventories	13.3	12.6	13.8	14.9	17.2
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	3.9	2.8	4.0	4.8	5.6
Cash and equivalents	8.6	5.3	4.9	5.9	6.8
<b>Balance sheet total</b>	<b>58.6</b>	<b>57.3</b>	<b>61.4</b>	<b>64.3</b>	<b>68.2</b>

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
<b>Equity</b>	<b>23.9</b>	<b>25.6</b>	<b>24.8</b>	<b>27.2</b>	<b>31.5</b>
Share capital	1.0	1.0	1.0	1.0	1.0
Retained earnings	3.2	4.8	4.0	6.4	10.7
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	19.7	19.8	19.8	19.8	19.8
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>10.9</b>	<b>12.3</b>	<b>16.2</b>	<b>14.4</b>	<b>12.0</b>
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.4	0.3	0.4	0.4	0.4
Korolliset velat	9.9	11.3	15.3	13.4	11.1
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.7	0.6	0.6	0.6	0.6
<b>Current liabilities</b>	<b>23.8</b>	<b>19.5</b>	<b>20.4</b>	<b>22.8</b>	<b>24.6</b>
Korolliset velat	3.6	3.1	4.7	4.1	3.3
Payables	20.2	16.4	15.7	18.7	21.4
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>58.6</b>	<b>57.3</b>	<b>61.4</b>	<b>64.3</b>	<b>68.2</b>



# DCF-calculation

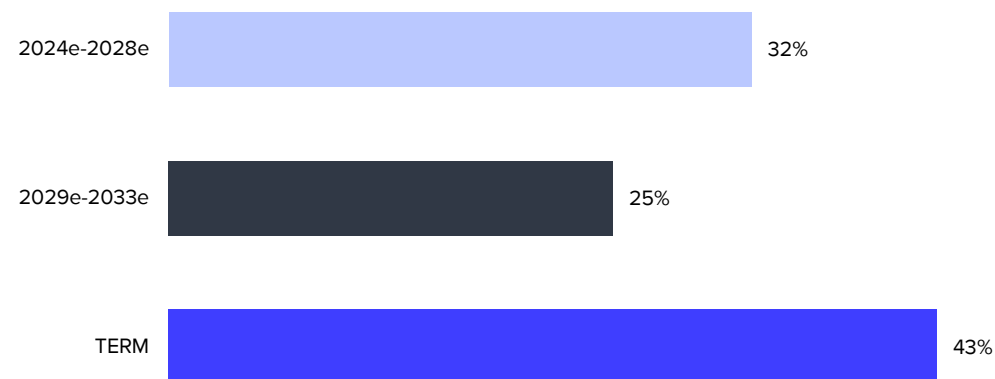
DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-6.7 %	-3.5 %	19.8 %	14.8 %	5.5 %	4.5 %	4.1 %	3.7 %	3.3 %	2.9 %	2.5 %	2.5 %
EBIT-%	3.7 %	1.4 %	3.6 %	5.2 %	5.7 %	5.4 %	5.1 %	4.9 %	4.6 %	3.8 %	3.5 %	3.5 %
<b>EBIT (operating profit)</b>	<b>3.8</b>	<b>1.4</b>	<b>4.2</b>	<b>7.1</b>	<b>8.2</b>	<b>8.1</b>	<b>8.0</b>	<b>7.8</b>	<b>7.6</b>	<b>6.5</b>	<b>6.1</b>	
+ Depreciation	1.5	5.5	6.1	6.2	6.3	6.3	6.3	6.4	6.5	6.6	6.7	
- Paid taxes	0.0	0.0	0.0	0.0	0.0	-1.0	-1.4	-1.4	-1.4	-1.2	-1.1	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	-0.2	-0.2	-0.2	-0.2	-0.1	-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	
- Change in working capital	-2.0	-3.1	1.0	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.4	-0.2	
<b>Operating cash flow</b>	<b>3.3</b>	<b>3.8</b>	<b>11.3</b>	<b>13.0</b>	<b>14.2</b>	<b>13.0</b>	<b>12.5</b>	<b>12.4</b>	<b>12.3</b>	<b>11.4</b>	<b>11.4</b>	
+ Change in other long-term liabilities	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-5.4	-7.5	-6.1	-6.2	-6.4	-6.6	-6.7	-6.9	-7.1	-7.3	-7.3	
<b>Free operating cash flow</b>	<b>-2.2</b>	<b>-3.7</b>	<b>5.2</b>	<b>6.7</b>	<b>7.8</b>	<b>6.4</b>	<b>5.8</b>	<b>5.5</b>	<b>5.2</b>	<b>4.1</b>	<b>4.1</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	-2.2	-3.7	5.2	6.7	7.8	6.4	5.8	5.5	5.2	4.1	4.1	53.4
<b>Discounted FCFF</b>		<b>-3.7</b>	<b>4.7</b>	<b>5.5</b>	<b>5.8</b>	<b>4.3</b>	<b>3.5</b>	<b>3.0</b>	<b>2.6</b>	<b>1.8</b>	<b>1.7</b>	<b>21.8</b>
Sum of FCFF present value		51.0	54.7	50.0	44.5	38.7	34.4	30.9	27.9	25.3	23.5	21.8
<b>Enterprise value DCF</b>		<b>51.0</b>										
- Interest bearing debt		-14.4										
+ Cash and cash equivalents		5.3										
-Minorities		0.0										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>41.9</b>										
<b>Equity value DCF per share</b>		<b>4.3</b>										

## WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.5 %
Equity Beta	1.80
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>12.1 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>10.4 %</b>

Source: Inderes

## Cash flow distribution

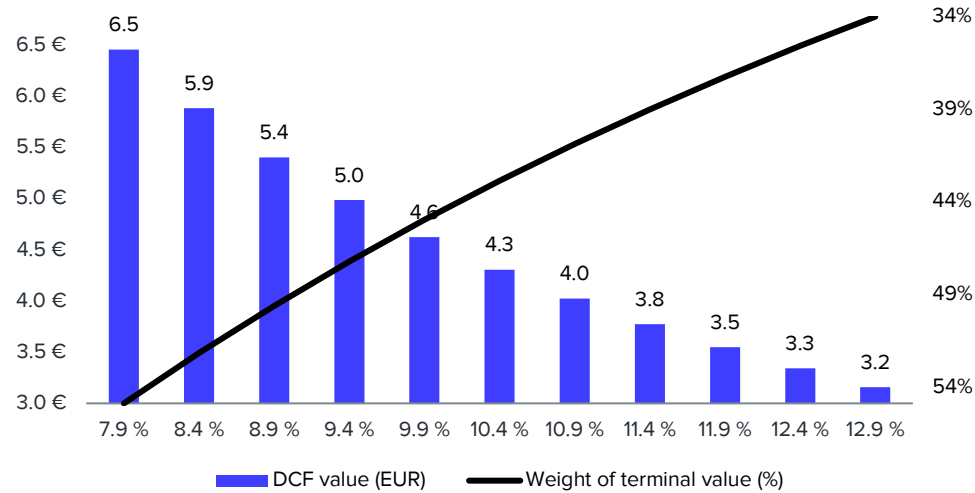


■ 2024e-2028e ■ 2029e-2033e ■ TERM

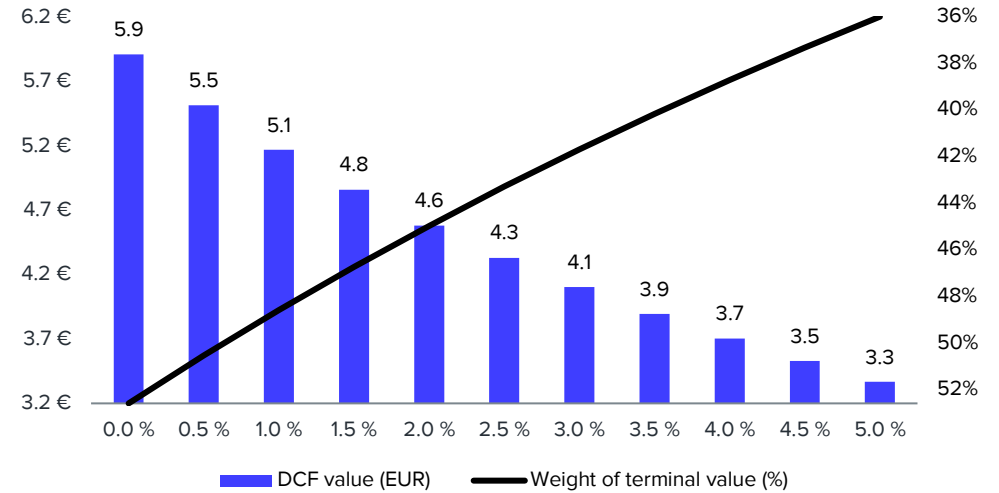


# DCF sensitivity calculations and key assumptions in graphs

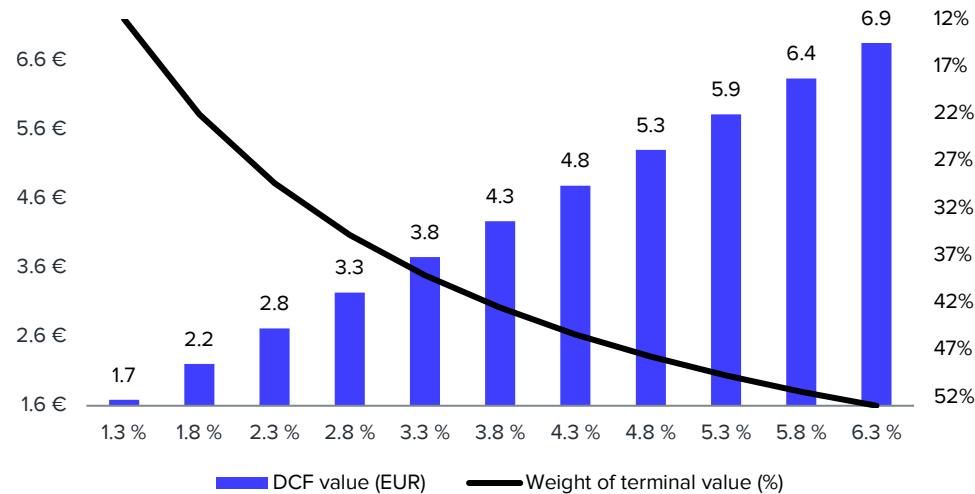
Sensitivity of DCF to changes in the WACC-%



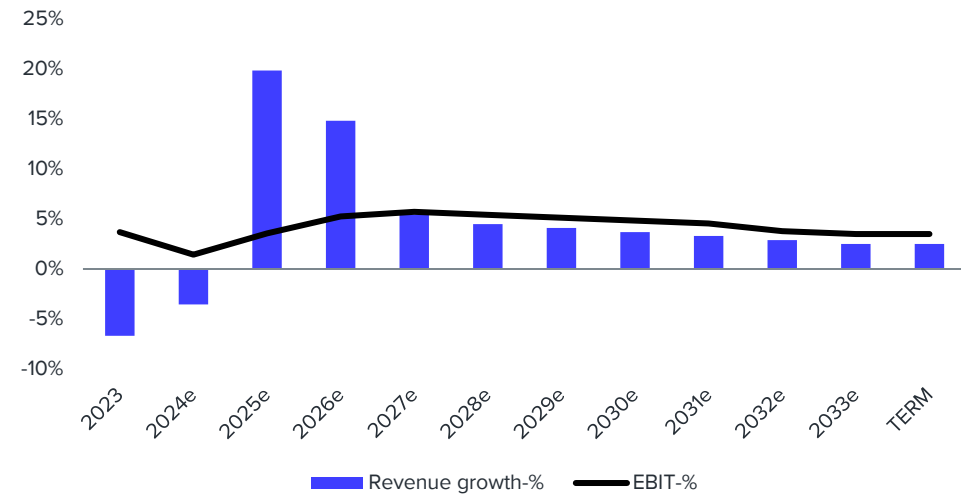
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



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	87.3	109.1	101.8	<b>98.2</b>	<b>117.7</b>	EPS (reported)	-0.04	0.01	0.16	<b>-0.08</b>	<b>0.25</b>
EBITDA	5.0	7.1	5.3	<b>6.9</b>	<b>10.2</b>	EPS (adj.)	-0.13	0.03	-0.28	<b>-0.38</b>	<b>0.25</b>
EBIT	0.0	1.6	3.8	<b>1.4</b>	<b>4.2</b>	OCF / share	0.27	0.78	0.34	<b>0.39</b>	<b>1.16</b>
PTP	-0.4	-0.1	1.6	<b>-0.8</b>	<b>2.4</b>	FCF / share	-0.93	0.29	-0.23	<b>-0.38</b>	<b>0.54</b>
Net Income	-0.4	0.1	1.5	<b>-0.8</b>	<b>2.4</b>	Book value / share	2.46	2.46	2.63	<b>2.55</b>	<b>2.80</b>
Extraordinary items	0.8	-0.2	4.2	<b>2.9</b>	<b>0.0</b>	Dividend / share	0.00	0.00	0.00	<b>0.00</b>	<b>0.12</b>
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	55.5	58.6	57.3	<b>61.4</b>	<b>64.3</b>	Revenue growth-%	25%	25%	-7%	<b>-4%</b>	<b>20%</b>
Equity capital	23.5	23.9	25.6	<b>24.8</b>	<b>27.2</b>	EBITDA growth-%	32%	43%	-26%	<b>31%</b>	<b>48%</b>
Goodwill	3.2	3.2	3.2	<b>3.2</b>	<b>3.2</b>	EBIT (adj.) growth-%	-72%	-318%	-127%	<b>215%</b>	<b>-381%</b>
Net debt	6.7	4.8	9.1	<b>15.0</b>	<b>11.6</b>	EPS (adj.) growth-%	-70%	-121%	-1130%	<b>37%</b>	<b>-165%</b>
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	5.7 %	6.5 %	5.2 %	<b>7.0 %</b>	<b>8.7 %</b>
EBITDA	5.0	7.1	5.3	<b>6.9</b>	<b>10.2</b>	EBIT (adj.)-%	-0.9 %	1.6 %	-0.5 %	<b>-1.5 %</b>	<b>3.6 %</b>
Change in working capital	-2.3	0.9	-2.0	<b>-3.1</b>	<b>1.0</b>	EBIT-%	0.0 %	1.4 %	3.7 %	<b>1.4 %</b>	<b>3.6 %</b>
Operating cash flow	2.6	7.6	3.3	<b>3.8</b>	<b>11.3</b>	ROE-%	-1.7 %	0.3 %	6.3 %	<b>-3.1 %</b>	<b>9.3 %</b>
CAPEX	-2.0	-4.4	-5.4	<b>-7.5</b>	<b>-6.1</b>	ROI-%	3.2 %	4.3 %	9.9 %	<b>3.5 %</b>	<b>9.6 %</b>
Free cash flow	-8.9	2.8	-2.2	<b>-3.7</b>	<b>5.2</b>	Equity ratio	42.3 %	40.8 %	44.6 %	<b>40.3 %</b>	<b>42.3 %</b>
						Gearing	28.6 %	20.2 %	35.6 %	<b>60.7 %</b>	<b>42.6 %</b>
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	0.4	0.3	0.3	<b>0.4</b>	<b>0.3</b>						
EV/EBITDA	7.8	3.9	6.0	<b>5.6</b>	<b>3.4</b>						
EV/EBIT (adj.)	neg.	15.6	neg.	<b>neg.</b>	<b>8.4</b>						
P/E (adj.)	>100	87.1	>100	<b>&gt;100</b>	<b>9.8</b>						
P/B	1.4	1.0	0.9	<b>1.0</b>	<b>0.9</b>						
Dividend-%	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>4.9 %</b>						

Source: Inderes



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Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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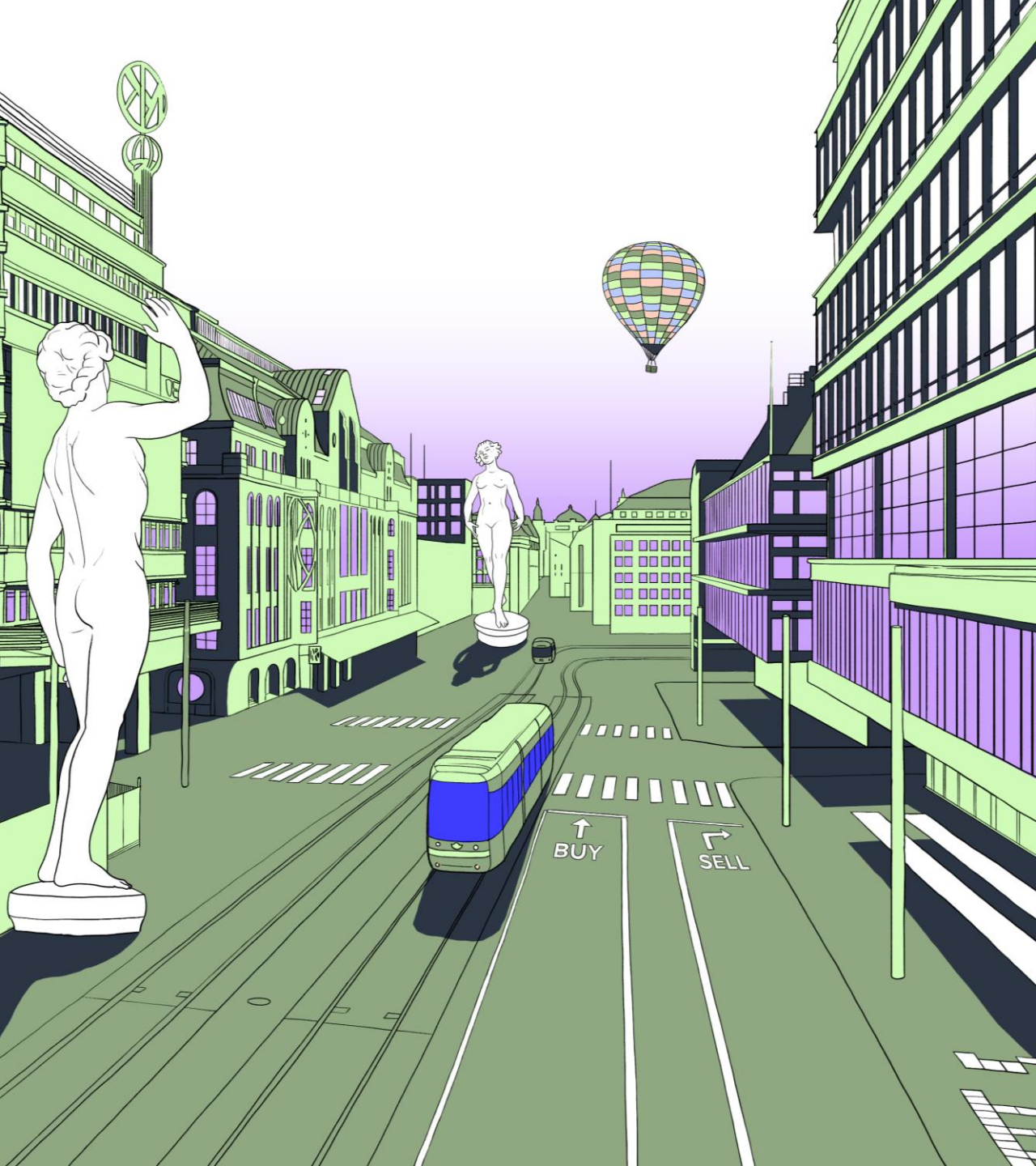
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## Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
9/19/2023	Accumulate	3.20 €	2.73 €
9/27/2023	Accumulate	3.20 €	2.90 €
11/6/2023	Accumulate	3.00 €	2.55 €
1/15/2024	Buy	3.00 €	2.27 €
3/3/2024	Buy	3.00 €	2.32 €
5/7/2024	Buy	2.80 €	2.31 €
6/6/2024	Accumulate	3.60 €	3.30 €
7/23/2024	Accumulate	3.60 €	3.04 €
11/3/2024	Accumulate	3.30 €	2.85 €
11/27/2024	Accumulate	2.90 €	2.43 €





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