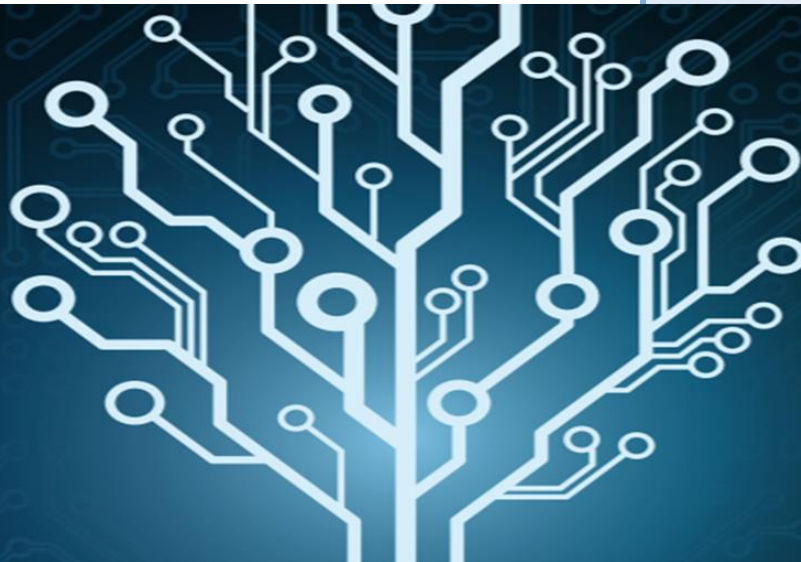


Kontron AG

Austria | Technology | MCap EUR 1,095m

11 August 2022

UPDATE



Game changer due to disposal of parts of its IT Services division; PT up

BUY (BUY)

Target price	EUR 32.00 (28.00)
Current price	EUR 16.85
Up/downside	89.9%



What's it all about?

Kontron announced the long-awaited disposal of its IT services division. Unlike previously anticipated, Kontron did not sell the entire division but kept the operating units in Austria, Romania and Hungary. Still, the extent of divested sales and EBITDA amounts to EUR 338m and EUR 41m respectively. According to the company, net cash inflow amounts to EUR 400m, valuing the disposed assets at ~10x EV/EBITDA. We welcome yesterday's announcement as this allows Kontron to focus on the high growth, high margin Internet of Things (IoT) segment. In addition, the fresh capital should allow for further value accretive acquisitions in this segment, emphasizing Kontron's ambition to become a pure play IoT specialist. Management reiterated its FY22 guidance but adjusts it for the disposed assets. On adjusted estimates (disposal of sales and EBITDA / cash inflow of purchase price), we reiterate to BUY with new PT of EUR 32.00 (old EUR 28.00) but note that the new focus could soon trigger a re-rating.

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IMPORTANT. Please refer to the last page of this report for "Important disclosures" and analyst(s) certifications.

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Kontron AG

Austria | Technology | MCap EUR 1,095m | EV EUR 1,181m (2021)

BUY (BUY)

Target price EUR 32.00 (28.00)
Current price EUR 16.85
Up/downside 89.9%

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Game changer due to disposal of parts of IT Services division

Sale of significant parts of IT services business Kontron announced that it has cut a deal with VINCI Energies S.A. for the disposal of significant parts of its IT services business. Whilst originally Kontron intended to dispose the entire segment, various strategic considerations have led to a partial disposal, with operating units in Austria, Romania and Hungary still remaining with Kontron. The wording “not being sold at the moment” however indicates that a separate disposal might be an option in the future (2 years+). In total, the disposed assets account for EUR 338m in 2021 sales (c. 60% of the IT services segment / 25% of total group sales) and EUR 41m in EBITDA.

Healthy cash inflow According to the company, the selling price amounts to approximately EUR 400m based on the expected net liquidity at closing. This would value the disposed asset at ~10x EV/EBITDA and thus should be considered value accretive given Kontron’s slightly lower multiples. The agreement however is still subject to anti-trust approvals.

Focusing on the lucrative IoT segment With the disposal, Kontron is following its growth strategy in the technology area around the Internet of Things (IoT). In fact, the divestment marks another milestone on Kontron’s way to becoming a pure IoT player - with significantly higher growth and earnings potential going forward. In addition, the net cash inflow is significantly increasing Kontron’s war chest for further acquisitions in the IoT field (eAR net cash at year end 2022: EUR >500m / 50% of market cap). The management also confirmed that two regular IoT acquisitions are still expected to close in 2022 (Software + Transport Division) and that the entire acquisition pipeline accounts for an additional EUR 1bn in revenues.

Maintain BUY We welcome yesterday’s news as the divestment is an important milestone in transforming into a pure play IoT player. In addition, besides the favourable selling price, Kontron’s significantly increased cash position should help facilitating its ambitious acquisition strategy. Management reiterates its guidance, however adjusted for the divestment, i.e. FY22 sales of EUR 1.12bn and 10% EBITDA margin. AlsterResearch estimates are being adjusted for the disposal and cash inflow, yielding an increased PT of EUR 32.00 (old EUR 28.00). Its new focus on the lucrative IoT business could soon trigger a re-rating of the stock. BUY.



Source: Company data, AlsterResearch

High/low 52 weeks 23.94 / 11.22
Price/Book Ratio 2.6x

Ticker / Symbols

ISIN AT0000A0E9W5
WKN A0X9EJ
Bloomberg KTN:GR

Changes in estimates

		Sales	EBIT	EPS
2022E	old	1.510	92	1,12
	Δ	-22,5%	-35,5%	-39,3%
2023E	old	1.646	106	1,31
	Δ	-22,5%	-31,2%	-34,2%
2024E	old	1.777	120	1,42
	Δ	-22,5%	-28,5%	-30,8%

Key share data

Number of shares: (in m pcs) 64.96
Book value per share: (in EUR) 6.44
Ø trading volume: (12 months) 48,500

Major shareholders

Ennoconn Corporation 26.6%
PPF Group NV 5.1%
Columbia Wanger AM 4.1%
Amiral Gestion 4.1%
Allianz Global Investors 4.0%
Treasury Shares 3.7%
Free Float 52.3%

Company description

S&T is an Austria-based technology company. It provides end-to-end IT services, including consulting, integration and support services. In the IoT segment, it provides products and solutions such as industrial PCs and embedded boards installed with proprietary software. Germany, Austria, Switzerland, France, Eastern Europe and North America are its core markets.

Kontron AG	2019	2020	2021	2022E	2023E	2024E
Sales	1,123	1,255	1,342	1,170	1,275	1,377
<i>Growth yoy</i>	13.3%	11.7%	6.9%	-12.8%	9.0%	8.0%
EBITDA	112	130	126	112	124	136
EBIT	62	69	63	59	73	86
Net profit	49	56	48	44	56	64
Net debt (net cash)	32	44	65	-503	-536	-587
Net debt/EBITDA	0.3x	0.3x	0.5x	-4.5x	-4.3x	-4.3x
EPS recurring	0.75	0.84	0.74	0.68	0.86	0.98
DPS	0.00	0.30	0.35	0.24	0.31	0.35
<i>Dividend yield</i>	0.0%	1.8%	2.1%	1.4%	1.8%	2.1%
Gross profit margin	37.7%	37.7%	38.1%	37.5%	37.5%	37.5%
EBITDA margin	9.9%	10.4%	9.4%	9.6%	9.7%	9.9%
EBIT margin	5.5%	5.5%	4.7%	5.1%	5.7%	6.2%
ROCE	7.7%	8.3%	7.2%	5.3%	6.3%	7.8%
EV/EBITDA	10.3x	8.9x	9.3x	5.4x	4.7x	3.9x
EV/EBIT	18.6x	16.9x	18.8x	10.3x	8.0x	6.2x
PER	22.6x	20.0x	22.7x	24.7x	19.6x	17.2x
FCF yield	3.0%	9.9%	5.5%	18.1%	5.3%	7.5%

Source: Company data, AlsterResearch

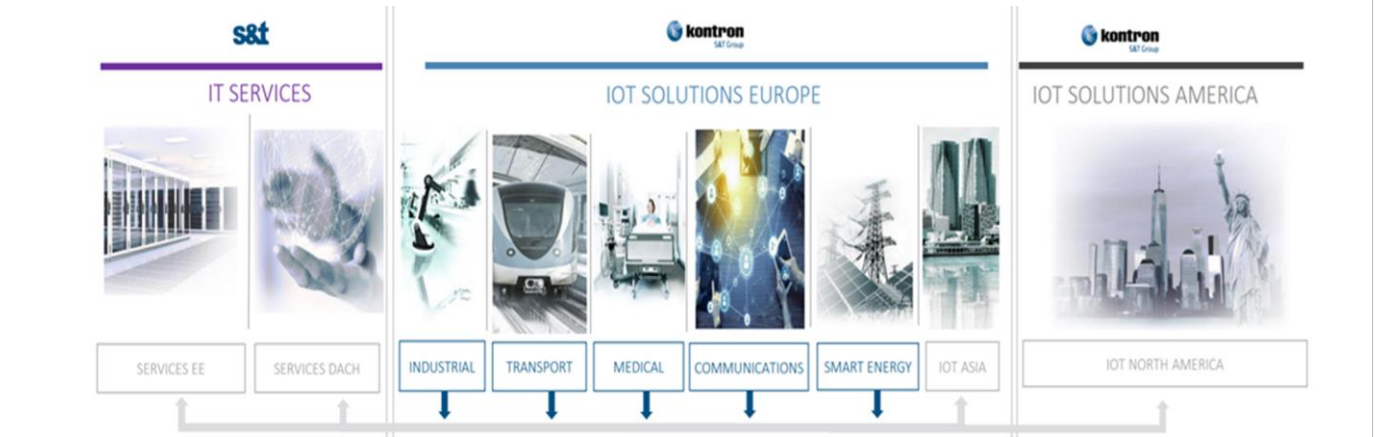
Quarterly table

P&L data	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Sales	297.7	418.4	294.1	306.5	313.2	428.1	329.7	331.0
yoy growth in %	6.6%	13.2%	8.9%	14.1%	5.2%	2.3%	12.1%	8.0%
Gross profit	110.8	143.8	120.3	121.0	121.6	148.8	125.6	131.4
Gross margin in %	37.2%	34.4%	40.9%	39.5%	38.8%	34.8%	38.1%	39.7%
EBITDA	31.7	46.4	28.2	30.1	27.3	40.7	29.4	33.1
EBITDA margin in %	10.7%	11.1%	9.6%	9.8%	8.7%	9.5%	8.9%	10.0%
EBIT	17.2	27.1	12.7	13.9	11.7	24.3	14.7	17.7
EBIT margin in %	5.8%	6.5%	4.3%	4.5%	3.7%	5.7%	4.5%	5.3%
EBT	15.3	24.4	10.8	11.5	9.3	22.6	12.3	15.3
taxes paid	3.3	0.2	1.1	1.1	-1.2	4.3	1.1	2.7
tax rate in %	21.6%	0.9%	10.4%	9.2%	-12.8%	18.9%	9.2%	17.4%
net profit	11.8	24.2	10.1	10.4	10.2	17.6	11.6	12.8
yoy growth in %	8.9%	20.4%	5.8%	2.9%	-13.8%	-27.2%	14.8%	23.0%
EPS	0.18	0.37	0.16	0.16	0.16	0.28	0.18	0.20

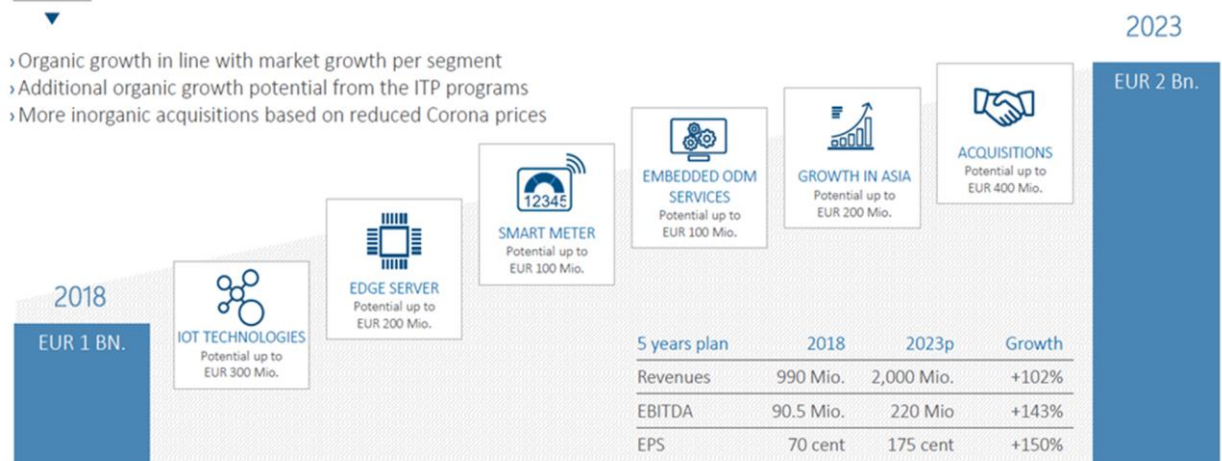
Source: Company data; AlsterResearch

Investment case in six charts

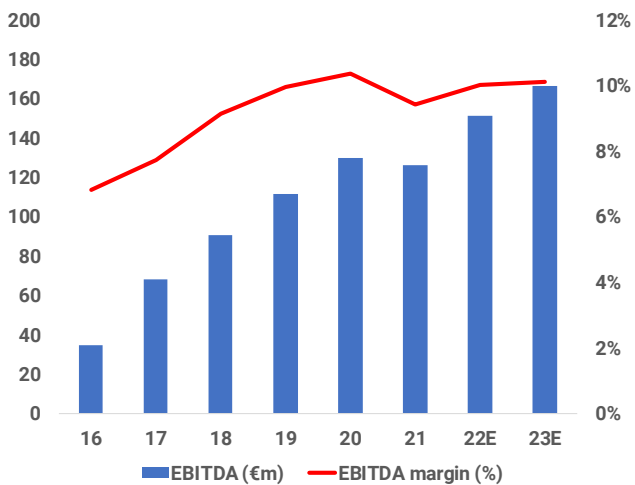
Business units and end markets



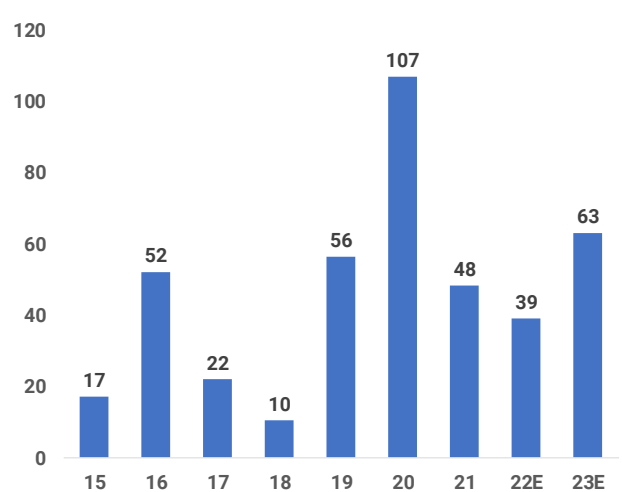
Growth projection until 2023E



EBITDA and margins on an upwards trend



FCF to strengthen going forward



Source: Company data; AlsterResearch

SWOT-Analysis

Strengths

- Strong and strategic partnership with Foxconn
- Offers comprehensive suite of solutions in IT Service business
- Strong presence in DACH and EE countries
- Has diversified clients and is present in multiple geographies, minimising concentration risk

Weaknesses

- A large part of revenue accrues from IT Services segment, which is a low-margin business and has low pricing power
- Lacks a scalable platform
- Avionics, one of its target IoT markets, is witnessing a rough phase due to travel restrictions

Opportunities

- Has a strong presence in medical and transport segments of IoT market, which are expected to grow well
- Has sufficient liquidity and balance sheet strength to undertake acquisitions in current market where valuations are attractive
- Margin expansion, as focus shifts to higher margin IoT segment and proprietary products
- Expanding presence in China, one of the fastest-growing IoT markets

Threats

- A relatively small player in the IoT market and could be hard pressed to defend its turf if a larger player enters its segment
- Dependent on Asia for hardware manufacturing and China for raw material. Geopolitical tension in the area could impair its supply chain
- Aggressive acquisitions could drag company's prospects if not properly synergized

Valuation

DCF Model

The DCF model results in a **fair value of EUR 31.90 per share**:

Top-line growth: We expect Kontron AG to continue benefitting from structural growth. Hence our growth estimates for 2022-29E is in the range of 6.0% p.a. The long-term growth rate is set at 2.0%.

EBIT margins. The scalable business model should allow for EBIT margins of 7% by 2023E, which look defendable given high competitive quality based on scale geography and expertise. Accordingly, we model approx. 7% EBIT margins in the long-term.

WACC. The averaged 1-, 3- and 5-year historical equity beta is calculated as 1.00. Unlevering and correcting for mean reversion yields an asset beta of 1.15. Combined with a risk free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 11.5%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25% and target debt/equity of 0.5 this results in a long-term WACC of 8.9%.

DCF (EUR m) (except per share data and beta)	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Terminal value
NOPAT	52	64	71	80	86	91	97	103	
Depreciation & Amort.	53	51	50	51	51	52	54	55	
Change in working capital	121	-21	-1	4	4	4	4	4	
Chg. in long-term provisions	14	8	7	5	5	5	6	6	
Capex	-41	-45	-48	-51	-53	-56	-59	-62	
Cash flow	199	57	80	89	93	97	102	107	1,576
Present value	192	50	65	66	64	61	59	57	839
WACC	9.1%	9.1%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	8.9%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	1,453	Planning horizon avg. revenue growth (2022E - 2029E)	6.0%
Mid-year adj. total present value	1,517	Terminal value growth (2029E - infinity)	2.0%
Net debt / cash at start of year	-503	Terminal year ROCE	9.0%
Financial assets	74	Terminal year WACC	8.9%
Provisions and off b/s debt	21		
Equity value	2,072		
No. of shares outstanding	65.0		
		Terminal WACC derived from	
		Cost of borrowing (before taxes)	5.0%
		Long-term tax rate	25%
		Equity beta	1.00
		Unlevered beta (industry or company)	1.15
		Target debt / equity	0.5
		Relevered beta	1.58
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	11.5%
Discounted cash flow / share upside/(downside)	31.90 89.3%		
Share price	16.85		

		Long term growth					Share of present value	
		0.0%	1.0%	2.0%	3.0%	4.0%		
Change in WACC (%-points)	2.0%	25.4	26.2	27.2	28.5	30.1	2022E - 2025E	25.7%
	1.0%	26.8	27.9	29.2	31.0	33.3	2026E - 2029E	16.5%
	0.0%	28.7	30.1	31.9	34.3	37.7	terminal value	57.8%
	-1.0%	31.0	32.9	35.5	39.1	44.6		
	-2.0%	34.0	36.7	40.5	46.3	56.0		

FCF Yield Model

Due to the fact that companies rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competitive strength and in order to adjust for the pitfalls of weak long-term visibility, an Adjusted Free Cash Flow analysis (Adjusted FCF) has been conducted.

The adjusted Free Cash Flow Yield results in a fair value between EUR 27.67 per share based on 2022E and EUR 37.76 per share on 2026E estimates. **We value Kontron AG on 2024E, which supports the DCF based fair value calculations.**

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

FCF yield in EURm	2022E	2023E	2024E	2025E	2026E
EBITDA	112	124	136	147	155
- Maintenance capex	33	35	37	40	43
- Minorities	-0	-1	-1	-1	-1
- tax expenses	7	8	14	16	18
= Adjusted FCF	73	81	86	92	95
Actual Market Cap	1,095	1,095	1,095	1,095	1,095
+ Net debt (cash)	-503	-536	-587	-648	-708
+ Pension provisions	20	22	23	25	26
+ Off B/S financing	0	0	0	0	0
- Financial assets	74	74	74	74	74
- Acc. dividend payments	23	38	58	81	108
<i>EV Reconciliations</i>	-580	-626	-696	-778	-864
= Actual EV'	515	468	398	316	230
Adjusted RW_FCF yield	14.2%	17.3%	21.5%	29.0%	41.4%
base hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
Fair EV	1,217	1,348	1,427	1,529	1,588
- <i>EV Reconciliations</i>	-580	-626	-696	-778	-864
Fair Market Cap	1,797	1,974	2,124	2,307	2,453
No. of shares (million)	65	65	65	65	65
FV per share in EUR	27.67	30.39	32.69	35.51	37.76
Premium (-) / discount (+)	64.2%	80.4%	94.0%	110.8%	124.1%

Sensitivity analysis FV

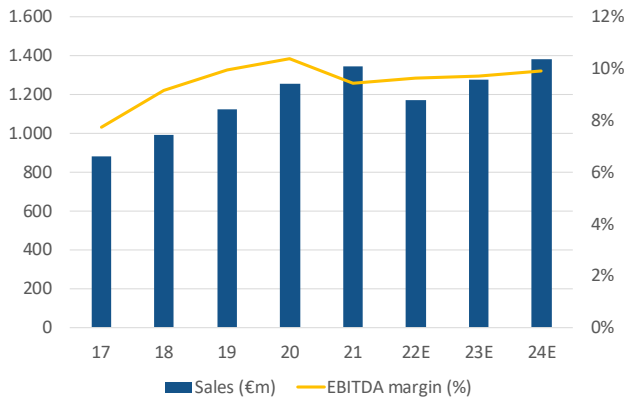
	4.0%	37	41	44	47	50
	5.0%	31	35	37	40	43
Adjusted hurdle rate	6.0%	28	30	33	36	38
	7.0%	25	27	30	32	34
	8.0%	23	25	27	30	32

Source: AlsterResearch

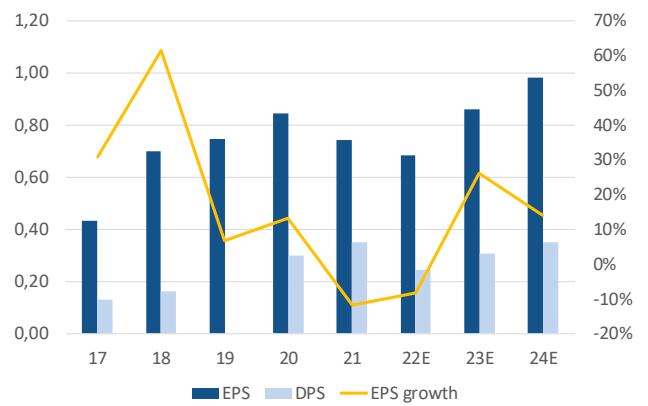
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 6%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable, based on the overall Leeway ESG Score. A high score indicates high awareness for environmental, social or governance issues and thus might lower the overall risk an investment in the company might carry. A low score on the contrary might increase the risk of an investment and might therefore trigger a higher required hurdle rate.**

Financials in six charts

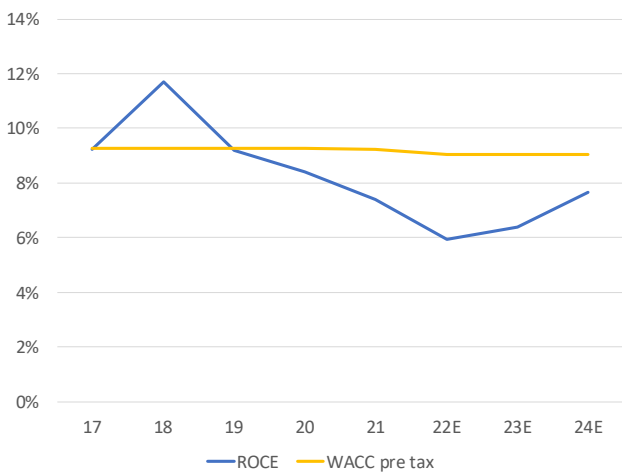
Sales vs. EBITDA margin development



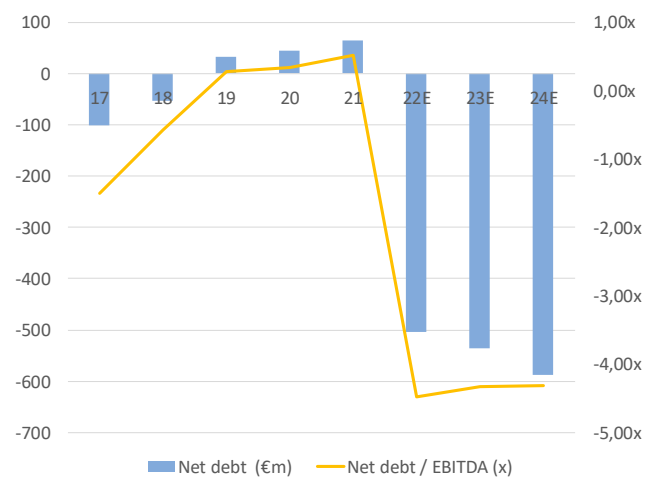
EPS, DPS in EUR & yoy EPS growth



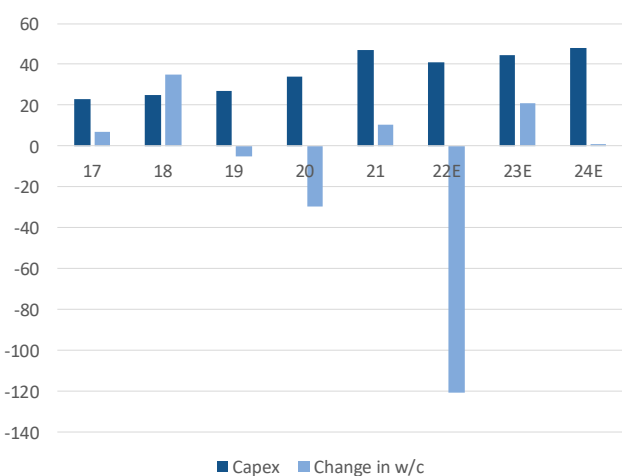
ROCE vs. WACC (pre tax)



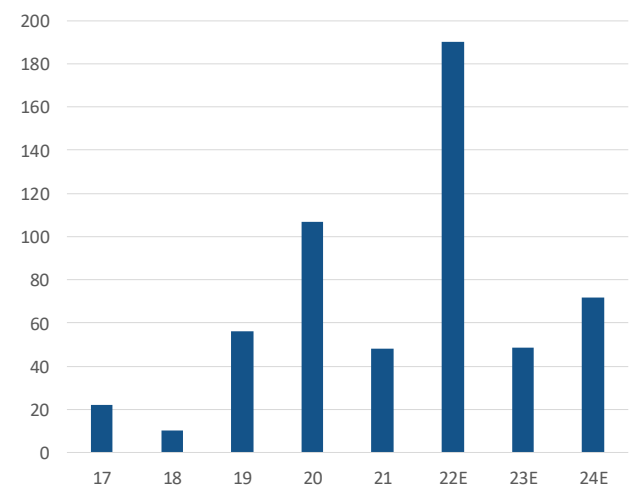
Net debt and net debt/EBITDA



Capex & chg in w/c requirements in EURm



Free Cash Flow in EURm



Financials

Profit and loss (EURm)	2019	2020	2021	2022E	2023E	2024E
Net sales	1,123	1,255	1,342	1,170	1,275	1,377
Sales growth	13.3%	11.7%	6.9%	-12.8%	9.0%	8.0%
Change in finished goods and work-in-process	16	18	21	0	0	0
Total sales	1,138	1,272	1,363	1,170	1,275	1,377
Material expenses	715	799	852	731	797	861
Gross profit	423	473	512	439	478	516
Other operating income	8	9	14	6	6	7
Personnel expenses	245	273	314	253	274	293
Other operating expenses	74	79	85	80	87	94
EBITDA	112	130	126	112	124	136
Depreciation	50	31	35	33	35	37
EBITA	62	99	92	79	89	99
Amortisation of goodwill and intangible assets	0	31	29	20	16	13
EBIT	62	69	63	59	73	86
Financial result	-8	-8	-8	-9	-9	-9
Recurring pretax income from continuing operations	54	61	54	50	64	77
Extraordinary income/loss	0	0	0	0	0	0
Earnings before taxes	54	61	54	50	64	77
Taxes	5	6	5	7	8	14
Net income from continuing operations	50	55	49	44	55	63
Result from discontinued operations (net of tax)	0	0	0	0	0	0
Net income	50	55	49	44	55	63
Minority interest	-0	1	-1	0	1	1
Net profit (reported)	49	56	48	44	56	64
Average number of shares	65.87	66.00	64.96	64.96	64.96	64.96
EPS reported	0.75	0.84	0.74	0.68	0.86	0.98

Profit and loss (common size)	2019	2020	2021	2022E	2023E	2024E
Net sales	100%	100%	100%	100%	100%	100%
Change in finished goods and work-in-process	1%	1%	2%	0%	0%	0%
Total sales	101%	101%	102%	100%	100%	100%
Material expenses	64%	64%	63%	63%	63%	63%
Gross profit	38%	38%	38%	38%	38%	37%
Other operating income	1%	1%	1%	1%	1%	1%
Personnel expenses	22%	22%	23%	22%	22%	21%
Other operating expenses	7%	6%	6%	7%	7%	7%
EBITDA	10%	10%	9%	10%	10%	10%
Depreciation	4%	2%	3%	3%	3%	3%
EBITA	6%	8%	7%	7%	7%	7%
Amortisation of goodwill and intangible assets	0%	2%	2%	2%	1%	1%
EBIT	6%	5%	5%	5%	6%	6%
Financial result	-1%	-1%	-1%	-1%	-1%	-1%
Recurring pretax income from continuing operations	5%	5%	4%	4%	5%	6%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	5%	5%	4%	4%	5%	6%
Taxes	0%	0%	0%	1%	1%	1%
Net income from continuing operations	4%	4%	4%	4%	4%	5%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	4%	4%	4%	4%	4%	5%
Minority interest	-0%	0%	-0%	0%	0%	0%
Net profit (reported)	4%	4%	4%	4%	4%	5%

Source: Company data; AlsterResearch

Balance sheet (EURm)	2019	2020	2021	2022E	2023E	2024E
Intangible assets (exl. Goodwill)	100	103	104	84	68	55
Goodwill	194	199	208	208	208	208
Property, plant and equipment	100	135	133	140	150	161
Financial assets	62	69	74	74	74	74
FIXED ASSETS	457	506	519	507	501	498
Inventories	147	160	187	142	155	167
Accounts receivable	239	228	265	224	245	264
Other current assets	21	25	26	26	26	26
Liquid assets	322	286	308	703	706	657
Deferred taxes	0	0	0	0	0	0
Deferred charges and prepaid expenses	39	43	47	23	38	48
CURRENT ASSETS	769	741	833	1,119	1,169	1,163
TOTAL ASSETS	1,226	1,247	1,352	1,626	1,670	1,661
SHAREHOLDERS EQUITY	373	404	419	840	879	922
MINORITY INTEREST	12	5	5	5	5	5
Long-term debt	267	264	277	200	100	0
Provisions for pensions and similar obligations	20	22	21	20	22	23
Other provisions	45	68	49	64	70	76
Non-current liabilities	332	354	348	284	192	99
short-term liabilities to banks	86	66	95	0	70	70
Accounts payable	205	210	270	232	253	274
Advance payments received on orders	61	72	87	73	79	85
Other liabilities (incl. from lease and rental contracts)	109	86	76	140	153	165
Deferred taxes	13	13	13	13	13	13
Deferred income	34	37	40	39	25	28
Current liabilities	509	483	581	497	594	635
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	1,226	1,247	1,352	1,626	1,670	1,661

Balance sheet (common size)	2019	2020	2021	2022E	2023E	2024E
Intangible assets (excl. Goodwill)	8%	8%	8%	5%	4%	3%
Goodwill	16%	16%	15%	13%	12%	13%
Property, plant and equipment	8%	11%	10%	9%	9%	10%
Financial assets	5%	5%	5%	5%	4%	4%
FIXED ASSETS	37%	41%	38%	31%	30%	30%
Inventories	12%	13%	14%	9%	9%	10%
Accounts receivable	20%	18%	20%	14%	15%	16%
Other current assets	2%	2%	2%	2%	2%	2%
Liquid assets	26%	23%	23%	43%	42%	40%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	3%	3%	3%	1%	2%	3%
CURRENT ASSETS	63%	59%	62%	69%	70%	70%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	30%	32%	31%	52%	53%	56%
MINORITY INTEREST	1%	0%	0%	0%	0%	0%
Long-term debt	22%	21%	21%	12%	6%	0%
Provisions for pensions and similar obligations	2%	2%	2%	1%	1%	1%
Other provisions	4%	5%	4%	4%	4%	5%
Non-current liabilities	27%	28%	26%	17%	11%	6%
short-term liabilities to banks	7%	5%	7%	0%	4%	4%
Accounts payable	17%	17%	20%	14%	15%	16%
Advance payments received on orders	5%	6%	6%	4%	5%	5%
Other liabilities (incl. from lease and rental contracts)	9%	7%	6%	9%	9%	10%
Deferred taxes	1%	1%	1%	1%	1%	1%
Deferred income	3%	3%	3%	2%	2%	2%
Current liabilities	42%	39%	43%	31%	36%	38%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (EURm)	2019	2020	2021	2022E	2023E	2024E
Net profit/loss	54	61	54	44	55	63
Depreciation of fixed assets (incl. leases)	50	61	64	33	35	37
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	0	0	0	20	16	13
Others	-26	-11	-12	14	8	7
Cash flow from operations before changes in w/c	79	111	106	110	114	121
Increase/decrease in inventory	-1	9	-26	45	-13	-12
Increase/decrease in accounts receivable	43	47	-41	41	-20	-20
Increase/decrease in accounts payable	-30	-2	69	-38	21	20
Increase/decrease in other w/c positions	-6	-24	-13	72	-9	11
Increase/decrease in working capital	5	30	-11	121	-21	-1
Cash flow from operating activities	83	141	95	231	93	120
CAPEX	-27	-34	-47	-41	-45	-48
Payments for acquisitions	-27	-41	-16	0	0	0
Financial investments	-4	-3	-7	0	0	0
Income from asset disposals	2	1	4	400	0	0
Cash flow from investing activities	-56	-77	-66	359	-45	-48
Cash flow before financing	28	64	29	590	48	72
Increase/decrease in debt position	128	-41	29	-173	-30	-100
Purchase of own shares	-15	-12	-21	0	0	0
Capital measures	0	1	0	0	0	0
Dividends paid	-11	0	-20	-23	-16	-20
Others	-19	-14	-9	0	0	0
Effects of exchange rate changes on cash	1	-8	4	0	0	0
Cash flow from financing activities	85	-74	-16	-195	-46	-120
Increase/decrease in liquid assets	113	-10	13	395	3	-48
Liquid assets at end of period	265	255	268	663	666	617

Source: Company data; AlsterResearch

Regional sales split (EURm)	2019	2020	2021	2022E	2023E	2024E
Domestic	103	103	108	94	103	111
Europe (ex domestic)	601	785	865	754	822	888
The Americas	0	122	98	86	93	101
Asia	0	42	54	47	51	55
Rest of World	419	204	216	188	205	222
Total sales	1,123	1,255	1,342	1,170	1,275	1,377

Regional sales split (common size)	2019	2020	2021	2022E	2023E	2024E
Domestic	9.2%	8.2%	8.1%	8.1%	8.1%	8.1%
Europe (ex domestic)	53.5%	62.5%	64.5%	64.5%	64.5%	64.5%
The Americas	0.0%	9.7%	7.3%	7.3%	7.3%	7.3%
Asia	0.0%	3.3%	4.0%	4.0%	4.0%	4.0%
Rest of World	37.3%	16.2%	16.1%	16.1%	16.1%	16.1%
Total sales	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Ratios	2019	2020	2021	2022E	2023E	2024E
Per share data						
Earnings per share reported	0.75	0.84	0.74	0.68	0.86	0.98
Cash flow per share	0.51	1.66	0.93	3.05	0.89	1.27
Book value per share	5.66	6.12	6.44	12.93	13.54	14.20
Dividend per share	0.00	0.30	0.35	0.24	0.31	0.35
Valuation						
P/E	22.6x	20.0x	22.7x	24.7x	19.6x	17.2x
P/CF	33.2x	10.1x	18.0x	5.5x	18.9x	13.3x
P/BV	3.0x	2.8x	2.6x	1.3x	1.2x	1.2x
Dividend yield (%)	0.0%	1.8%	2.1%	1.4%	1.8%	2.1%
FCF yield (%)	3.0%	9.9%	5.5%	18.1%	5.3%	7.5%
EV/Sales	1.0x	0.9x	0.9x	0.5x	0.5x	0.4x
EV/EBITDA	10.3x	8.9x	9.3x	5.4x	4.7x	3.9x
EV/EBIT	18.6x	16.9x	18.8x	10.3x	8.0x	6.2x
Income statement (EURm)						
Sales	1,123	1,255	1,342	1,170	1,275	1,377
yoy chg in %	13.3%	11.7%	6.9%	-12.8%	9.0%	8.0%
Gross profit	423	473	512	439	478	516
Gross margin in %	37.7%	37.7%	38.1%	37.5%	37.5%	37.5%
EBITDA	112	130	126	112	124	136
EBITDA margin in %	9.9%	10.4%	9.4%	9.6%	9.7%	9.9%
EBIT	62	69	63	59	73	86
EBIT margin in %	5.5%	5.5%	4.7%	5.1%	5.7%	6.2%
Net profit	49	56	48	44	56	64
Cash flow statement (EURm)						
CF from operations	83	141	95	231	93	120
Capex	-27	-34	-47	-41	-45	-48
Maintenance Capex	50	31	35	33	35	37
Free cash flow	56	107	48	190	48	72
Balance sheet (EURm)						
Intangible assets	295	302	312	293	277	264
Tangible assets	100	135	133	140	150	161
Shareholders' equity	373	404	419	840	879	922
Pension provisions	20	22	21	20	22	23
Liabilities and provisions	418	420	443	284	262	169
Net financial debt	32	44	65	-503	-536	-587
w/c requirements	120	106	96	62	67	73
Ratios						
ROE	13.3%	13.5%	11.7%	5.2%	6.3%	6.8%
ROCE	7.7%	8.3%	7.2%	5.3%	6.3%	7.8%
Net gearing	8.5%	10.9%	15.4%	-59.9%	-60.9%	-63.7%
Net debt / EBITDA	0.3x	0.3x	0.5x	-4.5x	-4.3x	-4.3x

Source: Company data; AlsterResearch

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