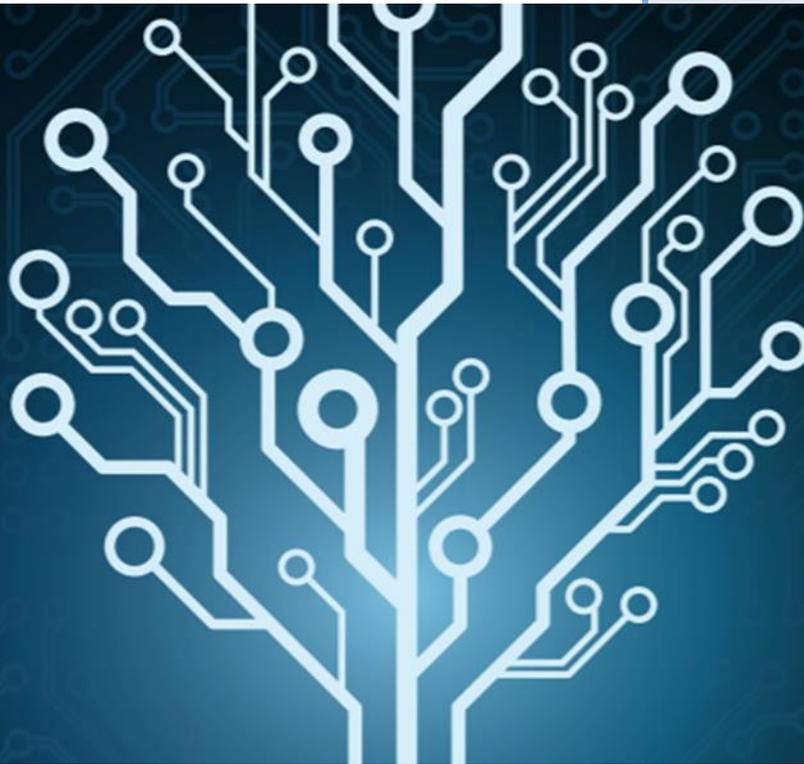


# S&T AG

Austria | Technology | MCap EUR 1,366.2m

6 August 2021

UPDATE



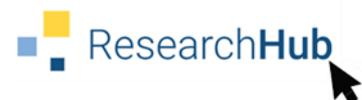
## Sustained increase in orders provides good visibility; BUY

### What's it all about?

S&T reported good results with impressive order intake in H1. Backed by its strong performance and robust order backlog, management is optimistic of meeting (and likely surpassing) its 2021 target of at least EUR 1.4bn in revenues (+12% yoy), with minimum EBITDA of EUR 140m and EPS of EUR 1.00 (+16% yoy). With increased visibility, we reiterate our BUY rating and PT at EUR 31.00, offering an upside of c. 50%.

### BUY (BUY)

Target price	EUR 31.00 (31.00)
Current price	EUR 20.74
Up/downside	49.5%



### MAIN AUTHOR

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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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# S&T AG

Austria | Technology | MCap EUR 1,366.2m | EV EUR 1,432.2m

**BUY** (BUY)

**Target price** EUR 31.00 (31.00)  
**Current price** EUR 20.74  
**Up/downside** 49.5%

**MAIN AUTHOR**

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## Sustained increase in orders provides good visibility; BUY

S&T witnessed another quarter of **strong order intake in Q2 2021**, with good demand from public sector clients in transportation and related infrastructure, and from the medical technology sector. Persistent shortages of microchips has led to a marginal shift in sales from Q2 to subsequent quarters; however, the company has taken steps to stock critical inventory and is exploring new supply chains. Meanwhile, in line with its strategy to **focus on internet of things (IoT)-as-a-service, S&T is evaluating divestment of its IT Services arm within the next three years**, which should help improve the overall EBITDA margin to its targeted 15% by 2030. The company reiterated its medium-term targets (by 2023) of revenues of EUR 2.0bn and EBITDA of EUR 220m and its attractive policy of paying 50% of annual net profits as dividends and repurchases.

**Q2 revenues rose 14% yoy to EUR 306.5m**, coming broadly in line with the consensus and our estimate of EUR 308m. This yoy rise reflects healthy order execution, despite headwinds from the chip shortage and adverse currency. The company reported organic revenue growth of 4.2% yoy in Q2, while the overall top line was boosted mainly by recent acquisitions of CITYCOMP and Iskratel Group. **Q2 saw another record order intake of EUR 406m** (Q1: EUR 404m), taking the order backlog up 10% qoq to EUR 1.1bn, and translating into a **book-to-bill ratio of 1.35x**, thus reflecting strong revenue visibility. The project pipeline was up 21% vs end-2020 to EUR 3.3bn.

IoT Solutions Europe posted a 17% yoy rise in revenues to EUR 151.5m, as it experienced strong demand from the industrial sector due to catch-up effects after easing of the pandemic. **The consolidation of Iskratel Group also supported growth.** However, EUR 27.4m of due orders have spilled over to Q3 due to the chip shortage and supply chain disruptions. IT Services revenues moved up 18% yoy to EUR 130.2m, supported by consolidation benefits of CITYCOMP. However, IoT Solutions America remained soft, with revenues dropping 16% yoy to EUR 24.8m on delays in the supply chain, a muted aviation sector, and adverse exchange movement.

-continued-

S&T AG	2018	2019	2020	2021E	2022E	2023E
Sales	990.9	1,122.9	1,254.8	1,443.0	1,592.0	1,703.4
<i>Growth yoy</i>	12.3%	13.3%	11.7%	15.0%	10.3%	7.0%
EBITDA	90.5	111.7	130.0	142.9	157.6	168.6
EBIT	61.5	61.8	68.6	89.5	106.7	118.8
Net profit	45.0	49.1	55.6	70.3	86.1	96.7
Net debt (net cash)	-52.7	31.6	44.2	-41.4	-118.3	-193.8
Net debt/EBITDA	-0.6x	0.3x	0.3x	-0.3x	-0.8x	-1.1x
EPS recurring	0.70	0.75	0.84	1.07	1.31	1.47
DPS	0.16	0.00	0.30	0.38	0.46	0.52
<i>Dividend yield</i>	0.8%	0.0%	1.4%	1.8%	2.2%	2.5%
Gross profit margin	36.5%	37.7%	37.7%	38.0%	38.0%	38.0%
EBITDA margin	9.1%	9.9%	10.4%	9.9%	9.9%	9.9%
EBIT margin	6.2%	5.5%	5.5%	6.2%	6.7%	7.0%
ROCE	11.7%	7.8%	8.3%	10.5%	12.9%	13.6%
EV/EBITDA	14.6x	12.7x	11.0x	9.4x	8.1x	7.1x
EV/EBIT	21.4x	23.0x	20.9x	15.1x	12.0x	10.1x
PER	29.7x	27.8x	24.6x	19.4x	15.9x	14.1x
FCF yield	2.0%	2.4%	8.0%	8.1%	8.0%	8.4%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

**High/low 52 weeks** 25.72 / 15.10  
**Price/Book Ratio** 3.4x

### Ticker / Symbols

ISIN AT0000A0E9W5  
WKN A0X9EJ  
Bloomberg SANT:GR

### Changes in estimates

		Sales	EBIT	EPS
2021	old	00.0	00.0	00.0
	Δ	-	-	-
2022	old	00.0	00.0	00.0
	Δ	-	-	-
2023	old	00.0	00.0	00.0
	Δ	-	-	-

### Key share data

Number of shares: (in m pcs) 65.87  
Book value per share: (in EUR) 6.13  
Ø trading volume: (12 months) 48,500

### Major shareholders

Ennoconn Corporation 26.6%  
Allianz Global Investors 5.0%  
Free Float 68.4%

### 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.

**EBITDA increased 12% yoy to EUR 30.1m in Q2**, driven by revenue growth. The EBITDA margin narrowed 20bps yoy to 9.8% on higher sourcing costs amid the global chip shortage and S&T's efforts to stock up critical inventory. Before charging headquarter fees, the EBITDA margin widened 1.7ppt yoy in IT Services to 8.5% on a better top line. Mergers and acquisitions and higher chip sourcing costs dragged the IoT Solutions Europe margin down by 190bps yoy to 11.5%. EBITDA in IoT Solutions America fell 25% yoy to EUR 1.5m on soft revenues, with the margin deteriorating 80bps yoy to 6.2%, although results were better than the EBITDA loss seen in Q1. A good EBITDA showing was largely dragged by higher depreciation and amortisation and a surge in net finance costs, resulting in a mere 3% yoy rise in net profits to EUR 10.4m.

**S&T's operating cash flow turned positive in Q2, coming in at EUR 14.2m** (Q1: EUR -26.8m), on an increase in trade payables and receivable collections, partly offset by higher inventories. In H1 2021, it spent EUR 19.2m in dividends and EUR 16.0m in buybacks. In Q2, S&T entered into an agreement to acquire the 100% stake in PSB-IT-Service GmbH, formerly a part of Bechtle Group, thus strengthening its multi-vendor services business in Germany ([Link](#) to our ResearchHub for more information).

**Conclusion:** S&T reported good results with impressive order intake in H1. Backed by its strong performance and robust order backlog, management is optimistic of meeting (and likely surpassing) its 2021 target of at least EUR 1.4bn in revenues (+12% yoy), with minimum EBITDA of EUR 140m and EPS of EUR 1.00 (+16% yoy). With increased visibility, we reiterate our BUY rating and PT at EUR 31.00 offering an upside potential of >50%.

## Quarterly table

P&L data	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Sales	279.4	369.7	270.1	268.6	297.7	418.4	294.1	306.5
yoy growth in %	17.7%	11.7%	20.0%	8.0%	6.6%	13.2%	8.9%	14.1%
Gross profit	109.6	131.9	111.6	107.2	110.8	143.8	120.3	121.0
Gross margin in %	39.2%	35.7%	41.3%	39.9%	37.2%	34.4%	40.9%	39.5%
EBITDA	27.4	40.0	23.2	27.0	31.7	46.4	28.2	30.1
EBITDA margin in %	9.8%	10.8%	8.6%	10.0%	10.7%	11.1%	9.6%	9.8%
EBIT	14.5	24.9	9.4	13.1	17.2	27.1	12.7	13.9
EBIT margin in %	5.2%	6.7%	3.5%	4.9%	5.8%	6.5%	4.3%	4.5%
EBT	12.2	22.1	9.1	11.9	15.3	24.4	10.8	11.5
taxes paid	1.5	0.6	0.6	1.9	3.3	0.2	1.1	1.1
tax rate in %	12.6%	2.7%	6.7%	16.1%	21.6%	0.9%	10.4%	9.2%
net profit	10.8	20.1	9.5	10.1	11.8	24.2	10.1	10.4
yoy growth in %	16.0%	3.5%	1.8%	14.4%	8.9%	20.4%	5.8%	2.9%
<b>EPS</b>	<b>0.16</b>	<b>0.31</b>	<b>0.15</b>	<b>0.16</b>	<b>0.18</b>	<b>0.37</b>	<b>0.16</b>	<b>0.16</b>

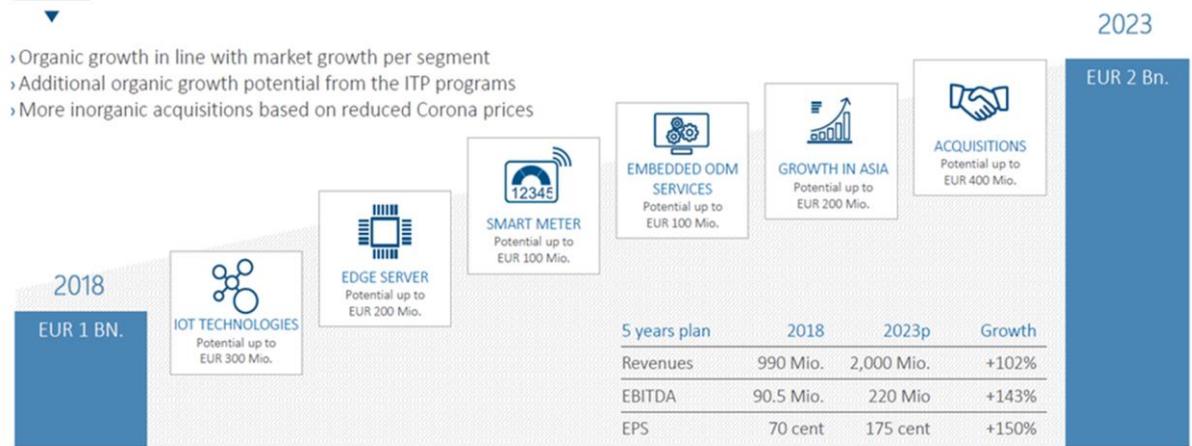
Source: Company data; AlsterResearch

# Investment case in six charts

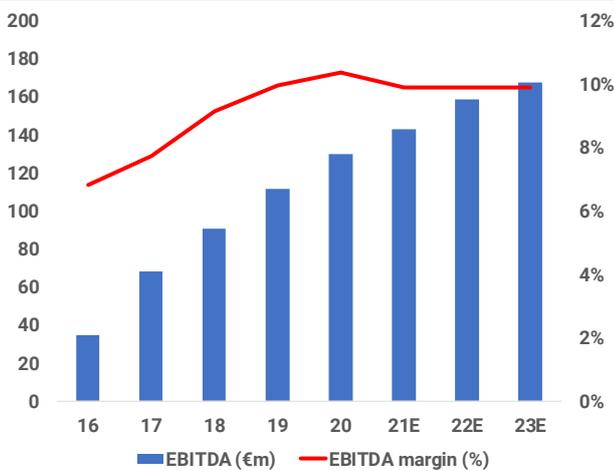
## Business units and end markets



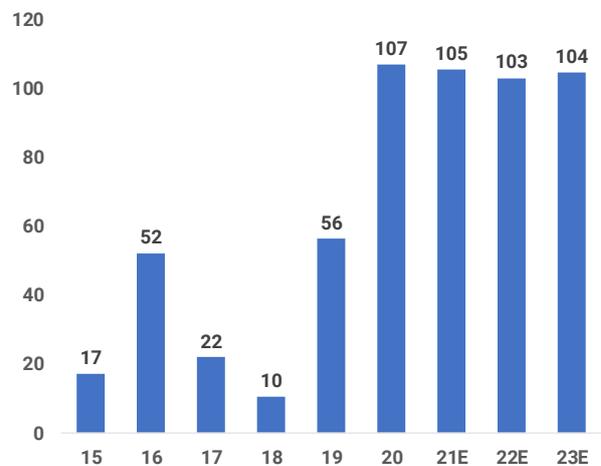
## Growth projection until 2023E



## 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



## 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 26.26 per share based on 2021E and EUR 44.41 per share on 2025E estimates. **We value S&T AG on 2022E, which derive at price target of EUR 31.00.** It thus 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	2021E	2022E	2023E	2024E	2025E
<b>EBITDA</b>	<b>142.9</b>	<b>157.6</b>	<b>168.6</b>	<b>192.5</b>	<b>202.2</b>
- Maintenance capex	33.8	35.1	37.1	39.3	42.6
- Minorities	-0.7	-0.9	-1.0	-1.2	-1.3
- tax expenses	12.3	12.7	14.3	18.0	19.0
<b>= Adjusted FCF</b>	<b>97.5</b>	<b>110.6</b>	<b>118.2</b>	<b>136.5</b>	<b>141.8</b>
<b>Actual Market Cap</b>	<b>1,366.2</b>	<b>1,366.2</b>	<b>1,366.2</b>	<b>1,366.2</b>	<b>1,366.2</b>
+ Net debt (cash)	-41.4	-118.3	-193.8	-291.0	-376.8
+ Pension provisions	25.0	27.6	29.6	33.7	35.4
+ Off B/S financing	0.0	0.0	0.0	0.0	0.0
- Financial assets	68.6	68.6	68.6	68.6	68.6
- Acc. dividend payments	19.8	44.7	75.3	109.7	152.8
<i>EV Reconciliations</i>	-104.6	-204.0	-308.2	-435.5	-562.8
<b>= Actual EV'</b>	<b>1,261.5</b>	<b>1,162.2</b>	<b>1,058.0</b>	<b>930.7</b>	<b>803.4</b>
<b>Adjusted RW_FCF yield</b>	<b>7.7%</b>	<b>9.5%</b>	<b>11.2%</b>	<b>14.7%</b>	<b>17.6%</b>
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%
<b>Fair EV</b>	<b>1,625.0</b>	<b>1,843.9</b>	<b>1,970.3</b>	<b>2,274.3</b>	<b>2,362.8</b>
- <i>EV Reconciliations</i>	-104.6	-204.0	-308.2	-435.5	-562.8
<b>Fair Market Cap</b>	<b>1,729.6</b>	<b>2,047.9</b>	<b>2,278.5</b>	<b>2,709.8</b>	<b>2,925.6</b>
No. of shares (million)	65.9	65.9	65.9	65.9	65.9
<b>FV per share in EUR</b>	<b>26.26</b>	<b>31.09</b>	<b>34.59</b>	<b>41.14</b>	<b>44.41</b>
<b>Premium (-) / discount (+)</b>	<b>26.6%</b>	<b>49.9%</b>	<b>66.8%</b>	<b>98.4%</b>	<b>114.1%</b>

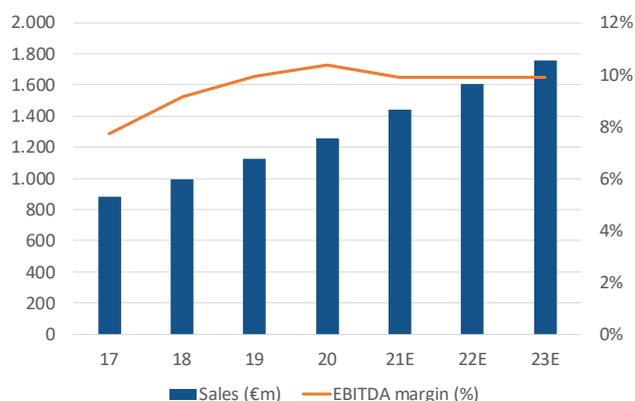
Sensitivity analysis FV						
Adjusted hurdle rate	4.0%	38.6	45.1	49.5	58.4	62.3
	5.0%	31.2	36.7	40.6	48.0	51.6
	<b>6.0%</b>	<b>26.3</b>	<b>31.1</b>	<b>34.6</b>	<b>41.1</b>	<b>44.4</b>
	7.0%	22.7	27.1	30.3	36.2	39.3
	8.0%	20.1	24.1	27.1	32.5	35.4

Source: AlsterResearch

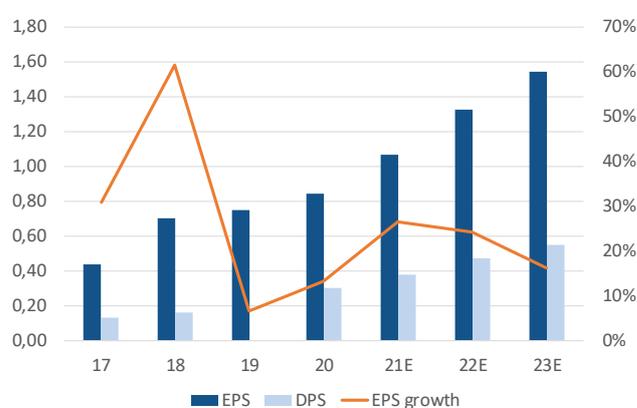
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 6%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments 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**



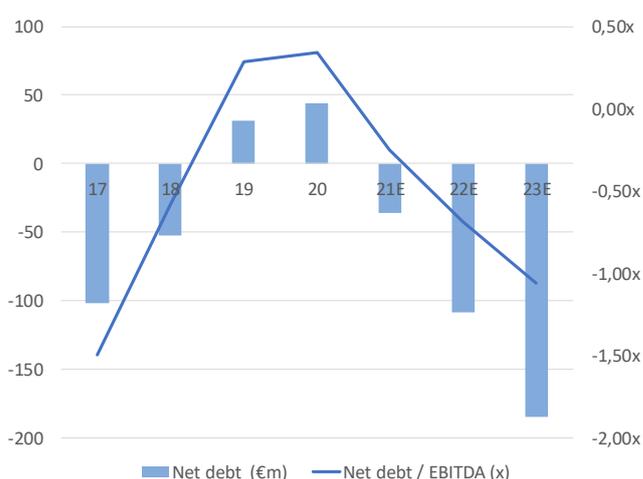
**EPS, DPS in EUR & yoy EPS growth**



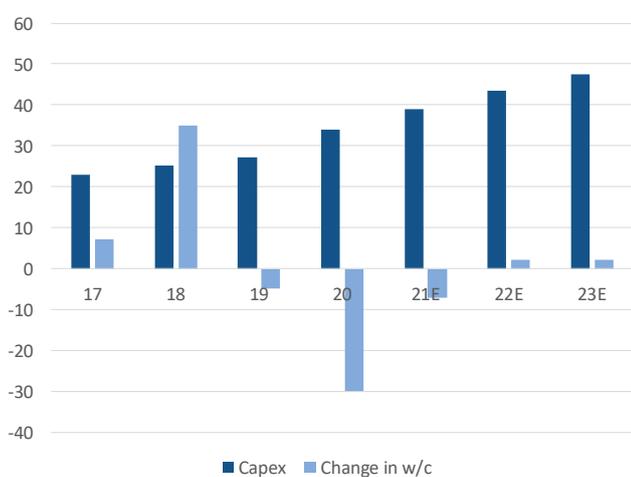
**ROCE vs. WACC (pre tax)**



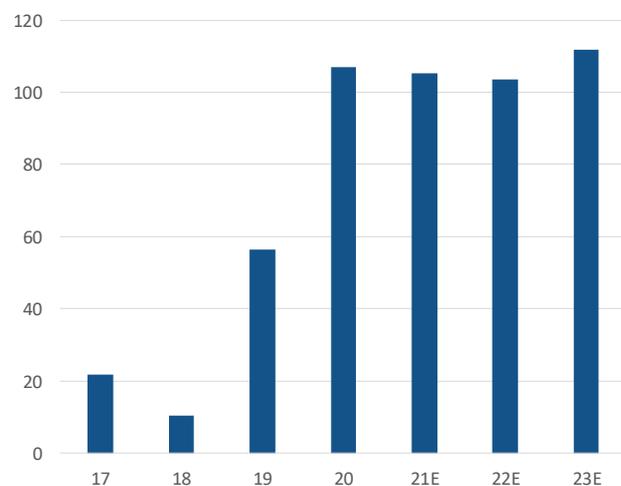
**Net debt and net debt/EBITDA**



**Capex & chg in w/c requirements in EURm**



**Free Cash Flow in EURm**



## Financials

Profit and loss (EUR m)	2018	2019	2020	2021E	2022E	2023E
<b>Net sales</b>	<b>990.9</b>	<b>1,122.9</b>	<b>1,254.8</b>	<b>1,443.0</b>	<b>1,592.0</b>	<b>1,703.4</b>
Sales growth	12.3%	13.3%	11.7%	15.0%	10.3%	7.0%
Change in finished goods and work-in-process	15.1	15.5	17.6	0.0	0.0	0.0
<b>Total sales</b>	<b>1,006.0</b>	<b>1,138.4</b>	<b>1,272.4</b>	<b>1,443.0</b>	<b>1,592.0</b>	<b>1,703.4</b>
Material expenses	644.3	715.4	799.0	894.7	987.0	1,056.1
<b>Gross profit</b>	<b>361.7</b>	<b>423.0</b>	<b>473.4</b>	<b>548.3</b>	<b>605.0</b>	<b>647.3</b>
Other operating income	7.5	8.0	8.8	7.2	8.0	8.5
Personnel expenses	194.6	245.2	273.3	314.6	347.1	371.4
Other operating expenses	84.0	74.2	78.8	98.1	108.3	115.8
<b>EBITDA</b>	<b>90.5</b>	<b>111.7</b>	<b>130.0</b>	<b>142.9</b>	<b>157.6</b>	<b>168.6</b>
Depreciation	8.2	49.9	30.9	33.8	35.1	37.1
EBITA	82.3	61.8	99.1	109.1	122.5	131.6
Amortisation of goodwill and intangible assets	20.8	0.0	30.5	19.5	15.8	12.8
<b>EBIT</b>	<b>61.5</b>	<b>61.8</b>	<b>68.6</b>	<b>89.5</b>	<b>106.7</b>	<b>118.8</b>
Financial result	-5.2	-7.7	-7.9	-7.7	-8.7	-8.7
Recurring pretax income from continuing operations	56.3	54.1	60.7	81.8	98.0	110.0
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	56.3	54.1	60.7	81.8	98.0	110.0
Taxes	7.9	4.6	6.1	12.3	12.7	14.3
Net income from continuing operations	48.5	49.5	54.6	69.6	85.3	95.7
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>48.5</b>	<b>49.5</b>	<b>54.6</b>	<b>69.6</b>	<b>85.3</b>	<b>95.7</b>
Minority interest	-3.5	-0.4	1.0	0.7	0.9	1.0
Net profit (reported)	45.0	49.1	55.6	70.3	86.1	96.7
Average number of shares	64.33	65.87	65.87	65.87	65.87	65.87
<b>EPS reported</b>	<b>0.70</b>	<b>0.75</b>	<b>0.84</b>	<b>1.07</b>	<b>1.31</b>	<b>1.47</b>

Profit and loss (common size)	2018	2019	2020	2021E	2022E	2023E
<b>Net sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Change in finished goods and work-in-process	2%	1%	1%	0%	0%	0%
<b>Total sales</b>	<b>102%</b>	<b>101%</b>	<b>101%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Material expenses	65%	64%	64%	62%	62%	62%
<b>Gross profit</b>	<b>36%</b>	<b>38%</b>	<b>38%</b>	<b>38%</b>	<b>38%</b>	<b>38%</b>
Other operating income	1%	1%	1%	1%	1%	1%
Personnel expenses	20%	22%	22%	22%	22%	22%
Other operating expenses	8%	7%	6%	7%	7%	7%
<b>EBITDA</b>	<b>9%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>
Depreciation	1%	4%	2%	2%	2%	2%
EBITA	8%	6%	8%	8%	8%	8%
Amortisation of goodwill and intangible assets	2%	0%	2%	1%	1%	1%
<b>EBIT</b>	<b>6%</b>	<b>6%</b>	<b>5%</b>	<b>6%</b>	<b>7%</b>	<b>7%</b>
Financial result	-1%	-1%	-1%	-1%	-1%	-1%
Recurring pretax income from continuing operations	6%	5%	5%	6%	6%	6%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	6%	5%	5%	6%	6%	6%
Taxes	1%	0%	0%	1%	1%	1%
Net income from continuing operations	5%	4%	4%	5%	5%	6%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
<b>Net income</b>	<b>5%</b>	<b>4%</b>	<b>4%</b>	<b>5%</b>	<b>5%</b>	<b>6%</b>
Minority interest	-0%	-0%	0%	0%	0%	0%
<b>Net profit (reported)</b>	<b>5%</b>	<b>4%</b>	<b>4%</b>	<b>5%</b>	<b>5%</b>	<b>6%</b>

Source: Company data; AlsterResearch

Balance sheet (EUR m)	2018	2019	2020	2021E	2022E	2023E
<b>Intangible assets (excl. Goodwill)</b>	<b>87.6</b>	<b>100.5</b>	<b>102.8</b>	<b>83.3</b>	<b>67.4</b>	<b>54.6</b>
Goodwill	120.0	194.4	199.5	199.5	199.5	199.5
Property, plant and equipment	37.1	99.8	135.1	140.3	148.3	157.3
Financial assets	47.8	62.5	68.6	68.6	68.6	68.6
<b>FIXED ASSETS</b>	<b>292.5</b>	<b>457.2</b>	<b>506.0</b>	<b>491.7</b>	<b>483.8</b>	<b>479.9</b>
Inventories	130.8	146.8	159.9	174.0	192.0	205.4
Accounts receivable	207.0	239.4	228.0	276.7	305.3	326.7
Other current assets	18.5	21.1	24.6	24.6	24.6	24.6
Liquid assets	171.8	322.0	285.6	331.4	318.3	363.8
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	27.5	39.4	42.6	49.0	54.0	57.8
<b>CURRENT ASSETS</b>	<b>555.5</b>	<b>768.5</b>	<b>740.7</b>	<b>855.7</b>	<b>894.3</b>	<b>978.4</b>
<b>TOTAL ASSETS</b>	<b>847.9</b>	<b>1,225.7</b>	<b>1,246.6</b>	<b>1,347.4</b>	<b>1,378.0</b>	<b>1,458.3</b>
<b>SHAREHOLDERS EQUITY</b>	<b>356.0</b>	<b>372.7</b>	<b>404.0</b>	<b>453.8</b>	<b>514.1</b>	<b>579.3</b>
MINORITY INTEREST	11.3	12.4	5.4	5.4	5.4	5.4
Long-term debt	79.4	267.1	263.7	250.0	200.0	100.0
Provisions for pensions and similar obligations	5.6	19.9	21.8	25.0	27.6	29.6
Other provisions	46.8	44.8	68.3	79.4	87.6	93.7
<b>Non-current liabilities</b>	<b>131.9</b>	<b>331.8</b>	<b>353.8</b>	<b>354.4</b>	<b>315.2</b>	<b>223.2</b>
short-term liabilities to banks	39.6	86.5	66.1	40.0	0.0	70.0
Accounts payable	177.0	205.0	210.0	257.4	283.9	303.8
Advance payments received on orders	38.1	61.1	71.6	82.4	90.9	97.2
Other liabilities (incl. from lease and rental contracts)	55.6	109.0	85.7	98.5	108.7	116.3
Deferred taxes	12.6	13.4	13.3	13.3	13.3	13.3
Deferred income	25.9	33.8	36.7	42.2	46.5	49.8
<b>Current liabilities</b>	<b>348.8</b>	<b>508.8</b>	<b>483.4</b>	<b>533.7</b>	<b>543.3</b>	<b>650.4</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>847.9</b>	<b>1,225.7</b>	<b>1,246.6</b>	<b>1,347.4</b>	<b>1,378.0</b>	<b>1,458.3</b>

Balance sheet (common size)	2018	2019	2020	2021E	2022E	2023E
<b>Intangible assets (excl. Goodwill)</b>	<b>10%</b>	<b>8%</b>	<b>8%</b>	<b>6%</b>	<b>5%</b>	<b>4%</b>
Goodwill	14%	16%	16%	15%	14%	14%
Property, plant and equipment	4%	8%	11%	10%	11%	11%
Financial assets	6%	5%	5%	5%	5%	5%
<b>FIXED ASSETS</b>	<b>34%</b>	<b>37%</b>	<b>41%</b>	<b>36%</b>	<b>35%</b>	<b>33%</b>
Inventories	15%	12%	13%	13%	14%	14%
Accounts receivable	24%	20%	18%	21%	22%	22%
Other current assets	2%	2%	2%	2%	2%	2%
Liquid assets	20%	26%	23%	25%	23%	25%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	3%	3%	3%	4%	4%	4%
<b>CURRENT ASSETS</b>	<b>66%</b>	<b>63%</b>	<b>59%</b>	<b>64%</b>	<b>65%</b>	<b>67%</b>
<b>TOTAL ASSETS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>SHAREHOLDERS EQUITY</b>	<b>42%</b>	<b>30%</b>	<b>32%</b>	<b>34%</b>	<b>37%</b>	<b>40%</b>
MINORITY INTEREST	1%	1%	0%	0%	0%	0%
Long-term debt	9%	22%	21%	19%	15%	7%
Provisions for pensions and similar obligations	1%	2%	2%	2%	2%	2%
Other provisions	6%	4%	5%	6%	6%	6%
<b>Non-current liabilities</b>	<b>16%</b>	<b>27%</b>	<b>28%</b>	<b>26%</b>	<b>23%</b>	<b>15%</b>
short-term liabilities to banks	5%	7%	5%	3%	0%	5%
Accounts payable	21%	17%	17%	19%	21%	21%
Advance payments received on orders	4%	5%	6%	6%	7%	7%
Other liabilities (incl. from lease and rental contracts)	7%	9%	7%	7%	8%	8%
Deferred taxes	1%	1%	1%	1%	1%	1%
Deferred income	3%	3%	3%	3%	3%	3%
<b>Current liabilities</b>	<b>41%</b>	<b>42%</b>	<b>39%</b>	<b>40%</b>	<b>39%</b>	<b>45%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; AlsterResearch

Cash flow statement (EUR m)	2018	2019	2020	2021E	2022E	2023E
Net profit/loss	56.3	54.1	60.7	69.6	85.3	95.7
Depreciation of fixed assets (incl. leases)	29.0	49.9	61.5	33.8	35.1	37.1
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	19.5	15.8	12.8
Others	-14.8	-25.5	-11.1	14.3	10.8	8.1
Cash flow from operations before changes in w/c	70.5	78.5	111.0	137.2	146.9	153.7
Increase/decrease in inventory	-4.1	-1.4	8.6	-14.2	-18.0	-13.4
Increase/decrease in accounts receivable	-22.2	42.7	47.4	-48.7	-28.6	-21.4
Increase/decrease in accounts payable	2.1	-30.0	-2.5	47.4	26.6	19.9
Increase/decrease in other w/c positions	-10.8	-6.4	-23.7	22.7	18.0	13.4
Increase/decrease in working capital	-35.0	4.9	29.8	7.2	-2.0	-1.5
<b>Cash flow from operating activities</b>	<b>35.5</b>	<b>83.4</b>	<b>140.8</b>	<b>144.4</b>	<b>144.9</b>	<b>152.2</b>
CAPEX	-25.1	-27.1	-33.9	-39.0	-43.0	-46.0
Payments for acquisitions	-39.6	-27.2	-41.0	0.0	0.0	0.0
Financial investments	0.5	-3.7	-3.1	0.0	0.0	0.0
Income from asset disposals	1.1	2.2	0.8	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-63.1</b>	<b>-55.8</b>	<b>-77.2</b>	<b>-39.0</b>	<b>-43.0</b>	<b>-46.0</b>
Cash flow before financing	-27.6	27.6	63.6	105.4	101.9	106.1
Increase/decrease in debt position	1.2	128.1	-40.9	-39.8	-90.0	-30.0
Purchase of own shares	0.0	-14.6	-12.2	0.0	0.0	0.0
Capital measures	0.0	0.0	1.4	0.0	0.0	0.0
Dividends paid	-8.3	-10.6	0.0	-19.8	-25.0	-30.6
Others	-15.9	-19.1	-14.1	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.3	1.1	-8.1	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-22.7</b>	<b>84.9</b>	<b>-73.8</b>	<b>-59.6</b>	<b>-115.0</b>	<b>-60.6</b>
Increase/decrease in liquid assets	-50.3	112.5	-10.2	45.8	-13.1	45.5
<b>Liquid assets at end of period</b>	<b>152.6</b>	<b>265.2</b>	<b>255.0</b>	<b>300.7</b>	<b>287.7</b>	<b>333.2</b>

Source: Company data; AlsterResearch

Regional sales split (EURm)	2018	2019	2020	2021E	2022E	2023E
Domestic	98.4	102.9	115.0	132.2	145.9	156.1
Europe (ex domestic)	540.0	600.6	671.2	771.9	851.6	911.2
The Americas	0.0	0.0	0.0	0.0	0.0	0.0
Asia	0.0	0.0	0.0	0.0	0.0	0.0
Rest of World	352.4	419.3	468.6	538.9	594.5	636.1
<b>Total sales</b>	<b>990.9</b>	<b>1,122.9</b>	<b>1,254.8</b>	<b>1,443.0</b>	<b>1,592.0</b>	<b>1,703.4</b>

Regional sales split (common size)	2018	2019	2020	2021E	2022E	2023E
Domestic	9.9%	9.2%	9.2%	9.2%	9.2%	9.2%
Europe (ex domestic)	54.5%	53.5%	53.5%	53.5%	53.5%	53.5%
The Americas	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World	35.6%	37.3%	37.3%	37.3%	37.3%	37.3%
<b>Total sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; AlsterResearch

Ratios	2018	2019	2020	2021E	2022E	2023E
<b>Per share data</b>						
Earnings per share reported	0.70	0.75	0.84	1.07	1.31	1.47
Cash flow per share	0.42	0.51	1.67	1.68	1.67	1.75
Book value per share	5.53	5.66	6.13	6.89	7.80	8.79
Dividend per share	0.16	0.00	0.30	0.38	0.46	0.52
<b>Valuation</b>						
P/E	29.7x	27.8x	24.6x	19.4x	15.9x	14.1x
P/CF	48.8x	40.8x	12.4x	12.4x	12.4x	11.9x
P/BV	3.7x	3.7x	3.4x	3.0x	2.7x	2.4x
Dividend yield (%)	0.8%	0.0%	1.4%	1.8%	2.2%	2.5%
FCF yield (%)	2.0%	2.4%	8.0%	8.1%	8.0%	8.4%
EV/Sales	1.3x	1.3x	1.1x	0.9x	0.8x	0.7x
EV/EBITDA	14.6x	12.7x	11.0x	9.4x	8.1x	7.1x
EV/EBIT	21.4x	23.0x	20.9x	15.1x	12.0x	10.1x
<b>Income statement (EURm)</b>						
Sales	990.9	1,122.9	1,254.8	1,443.0	1,592.0	1,703.4
yoy chg in %	12.3%	13.3%	11.7%	15.0%	10.3%	7.0%
Gross profit	361.7	423.0	473.4	548.3	605.0	647.3
Gross margin in %	36.5%	37.7%	37.7%	38.0%	38.0%	38.0%
EBITDA	90.5	111.7	130.0	142.9	157.6	168.6
EBITDA margin in %	9.1%	9.9%	10.4%	9.9%	9.9%	9.9%
EBIT	61.5	61.8	68.6	89.5	106.7	118.8
EBIT margin in %	6.2%	5.5%	5.5%	6.2%	6.7%	7.0%
Net profit	45.0	49.1	55.6	70.3	86.1	96.7
<b>Cash flow statement (EURm)</b>						
CF from operations	35.5	83.4	140.8	144.4	144.9	152.2
Capex	-25.1	-27.1	-33.9	-39.0	-43.0	-46.0
Maintenance Capex	8.2	49.9	30.9	33.8	35.1	37.1
Free cash flow	10.4	56.3	106.9	105.4	101.9	106.1
<b>Balance sheet (EURm)</b>						
Intangible assets	207.6	294.9	302.3	282.7	266.9	254.1
Tangible assets	37.1	99.8	135.1	140.3	148.3	157.3
Shareholders' equity	356.0	372.7	404.0	453.8	514.1	579.3
Pension provisions	5.6	19.9	21.8	25.0	27.6	29.6
Liabilities and provisions	171.5	418.3	419.9	394.4	315.2	293.2
Net financial debt	-52.7	31.6	44.2	-41.4	-118.3	-193.8
w/c requirements	122.7	119.9	106.3	111.0	122.5	131.1
<b>Ratios</b>						
ROE	13.6%	13.3%	13.5%	15.3%	16.6%	16.5%
ROCE	11.7%	7.8%	8.3%	10.5%	12.9%	13.6%
Net gearing	-14.8%	8.5%	10.9%	-9.1%	-23.0%	-33.5%
Net debt / EBITDA	-0.6x	0.3x	0.3x	-0.3x	-0.8x	-1.1x

Source: Company data; AlsterResearch

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